

215106

JPRS 81084

18 June 1982

West Europe Report

No. 1983

19980914 140



FOREIGN BROADCAST INFORMATION SERVICE

REPRODUCED BY
NATIONAL TECHNICAL
INFORMATION SERVICE
U.S. DEPARTMENT OF COMMERCE
SPRINGFIELD, VA. 22161

7
94
A05

NOTE

JPRS publications contain information primarily from foreign newspapers, periodicals and books, but also from news agency transmissions and broadcasts. Materials from foreign-language sources are translated; those from English-language sources are transcribed or reprinted, with the original phrasing and other characteristics retained.

Headlines, editorial reports, and material enclosed in brackets [] are supplied by JPRS. Processing indicators such as [Text] or [Excerpt] in the first line of each item, or following the last line of a brief, indicate how the original information was processed. Where no processing indicator is given, the information was summarized or extracted.

Unfamiliar names rendered phonetically or transliterated are enclosed in parentheses. Words or names preceded by a question mark and enclosed in parentheses were not clear in the original but have been supplied as appropriate in context. Other unattributed parenthetical notes within the body of an item originate with the source. Times within items are as given by source.

The contents of this publication in no way represent the policies, views or attitudes of the U.S. Government.

PROCUREMENT OF PUBLICATIONS

JPRS publications may be ordered from the National Technical Information Service, Springfield, Virginia 22161. In ordering, it is recommended that the JPRS number, title, date and author, if applicable, of publication be cited.

Current JPRS publications are announced in Government Reports Announcements issued semi-monthly by the National Technical Information Service, and are listed in the Monthly Catalog of U.S. Government Publications issued by the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

Correspondence pertaining to matters other than procurement may be addressed to Joint Publications Research Service, 1000 North Glebe Road, Arlington, Virginia 22201.

18 June 1982

WEST EUROPE REPORT

No. 1983

CONTENTS

TERRORISM

FEDERAL REPUBLIC OF GERMANY

Briefs

Bombing Protests Reagan Visit 1

FRANCE

Arms Cache, Arrests Linked to 'Action Directe' Group
(LE FIGARO, 26 Apr 82) 2

ENERGY ECONOMICS

FINLAND

Neste Increasing Export of Oil From USSR
(HELSINGIN SANOMAT, 7 Apr 82) 4Oil, Gas Talks With Saudis, Nordics Continuing
(HELSINGIN SANOMAT, 7 Apr 82) 5

FRANCE

New Agency, Funds Created for Control of Energy
(LA LETTRE DES ECHOS, 13 Apr 82) 7

GREECE

Hope Expressed for Large Oil Find
(TA NEA, 26 Apr 82) 9Savings Realized From Cheaper USSR Oil
(ELEVHEROTYPIA, 5 May 82) 11

ECONOMIC

INTERNATIONAL AFFAIRS

Finland, USSR Offer To Build Locomotives for Denmark
(HELSINGIN SANOMAT, 7 Apr 82)..... 12

BELGIUM

Eyskens on Steel, Energy, Reindustrialization
(Mark Eyskens Interview; L'USINE NOUVELLE, 13 May 82)..... 13

CANADA

Quebec Economy Hit Hard by Effects of Recession
(LE MONDE, 20 Apr 82)..... 19

FINLAND

USSR Official Proposes Advance Payments To Adjust Trade
(HELSINGIN SANOMAT, 7 Apr 82)..... 24

FRANCE

Japanese To Open Factory, Advocate Technology Transfer
(ELECTRONIQUE ACTUALITES, 2 Apr 82, LE MATIN,
18 Mar 82)..... 25

Factory Will Reduce Deficit
Sony President Wants Technology Transfer, by Henry
Lauret

Industrialists, Planners Debate Structure of New Public Sector
(LE NOUVEL ECONOMISTE, 8 Mar 82)..... 28

Responsibility of Ministries, by Jacques Barraux
Interview With Industry Ministry, Pierre Dreyfus
Interview

Budget Decisions Put Off Till Fall; Tax Changes Considered
(LA LETTRE DES ECHOS, 29 Mar 82)..... 38

Mauroy Meets With Union Leaders, Seen as 'Unbending'
(LA LETTRE DES ECHOS, 19 Apr 82)..... 40

Briefs
Coal Import Monopoly 42

ITALY

ERRATUM: CGIL's Marianetti Interviewed on Economic Dispute
(Agostino Marianetti Interview; L'UNITA, 30 Apr 82)..... 43

TURKEY

Doubts Expressed on Gradual Democratization of the Regime
(Giorgos Kyrtos; OIKONOMIKOS TAKHYDROMON, 15 Apr 82).... 48

Businessmen Discuss Future of Economic Cooperation With Libya
(DUNYA, 7 May 82)..... 51

Citibank Official Discusses Credit, Bank Policy
(Gunes Taner Interview; DUNYA, 19 Apr 82)..... 74

Briefs

Turkish Trade Disrupted 80

POLITICAL

FRANCE

PCF Central Committee Resolution on Industrial Affairs
(L'HUMANITE, 17 Apr 82)..... 81

PCF Central Committee Resolution on Disarmament
(L'HUMANITE, 22 Apr 82)..... 83

ICELAND

Paper Views Reykjavik Meeting on Nordic Security Issues
(Editorial; MORGUNBLADID, 20 Apr 82)..... 85

MILITARY

FRANCE

Shipbuilders Want To Step Up Exports of War Vessels
(Antoine Thiboumery; L'USINE NOUVELLE, 13 May 82)..... 87

TERRORISM

FEDERAL REPUBLIC OF GERMANY

BRIEFS

BOMBING PROTESTS REAGAN VISIT--Tuebingen, 3 Jun (DPA)--A bomb attack was carried out today against the German-American Institute in Tuebingen. In a letter to a Tuebingen newspaper today "revolutionary cells" claimed responsibility for the attack in which no one was injured but damage of DM5,000 was caused. The letter protests against President Ronald Reagan's forthcoming visit to the Federal Republic. The explosion occurred early this morning shortly after [words indistinct]. A canister exploded at the rear entrance to the building. The door and several windows were smashed but the fire was quickly extinguished. [Text] [LD131358 Hamburg DPA in German 1300 GMT 3 Jun 82]

CSO: 6131/516

TERRORISM

FRANCE

ARMS CACHE, ARRESTS LINKED TO 'ACTION DIRECTE' GROUP

Paris LE FIGARO in French 26 Apr 82 p 7

[Text] Was the arsenal discovered by police in a Paris garage Thursday (see our 10 April edition) intended for terrorist activities or, as the police think, for "operations bordering on the criminal and for extremist political acts?" It's up to the investigators or the examining magistrate to sort out the difference, if there is one. In any case, six submachine guns, three large revolvers, eight automatics and three anti-riot guns loaded with buckshot are already quite an arsenal--which suggests large-scale operations. The police, while waiting for the ballistics report, are already asking themselves whether some of these weapons have a "criminal past."

"I have nothing to tell you," was the only thing said by Mohamed Hamami, a 27-year old Algerian national well-known in the police files for several attempted homicides, armed robberies and bombings.

Wanted for these crimes, he was arrested at the end of March 1980 in the company of four far-left Italian extremists belonging to Prima Linea [Front-line] in a Brusc (Var) villa rented with money from the famous Conde-sur-Escaut robbery (1.5 billion centimes taken). Charged by the State Security Court, Hamami was joined in prison by 15 activists belonging to Action Directe [Direct Action], a French leftist movement, who were arrested in Paris and the provinces at the beginning of April, during the simultaneous discovery of weapons caches and nearly a ton of explosives.

Action Directe had claimed Hamami's membership in its organization so that he might be considered a political prisoner. Last summer, he had carried out several hunger strikes to protest his continued detention--which was quite fair--after the others charged with either direct or indirect participation in the Conde-sur-Escaut robbery had been freed....

In autumn 1981, Jean-Marc Rouillan and Nathalie Menigon were pardoned at the same time as the two leaders of Action Directe. Hamami was freed, in turn, for "medical reasons." Since that time, the police had lost track of him until his appearance Friday morning in the arms-filled garage.

Proletarian Reappropriations

As for the young women arrested, 23-year-old Joelle Aubron, originally from Neuilly-sur-Seine, was not known to police until then except for some minor offenses for which she has been pardoned. Nevertheless, investigators are trying to match her description as a "short, young blonde" with those of female figures seen in various armed attacks.

The two young people were caught in a trap set by Anti-Crime Squad policemen around space 0022 in the fourth basement of the garage of 22 Borrego Street in Paris' 20th Arrondissement. Until the double arrest, the police didn't know who the arsenal's users were.

For the police, the weapons cache, numerous stolen identity papers, a likewise stolen motorcycle, two hooded masks, bulletproof vests, gloves, etc., seemed to indicate that the clandestine group Action Directe was prepared to once again launch violent activities, either holdups--renamed "proletarian reappropriations"--or assassination attempts.

The two arrestees were believed to have been sheltered in the "squatter-occupied" tenements of Paris. Thus, on Friday afternoon, with a great show of force but with no major incidents, a search was made of an illegally occupied, abandoned tenement in the Goutte d'Or district, near Barbes. The search netted an air rifle and a .22-caliber revolver, whose owners could not be identified. Earlier police raids in the building, during investigations of checkbook thefts, had yielded nothing.

It remains to determine the roles played by Hamami and Joelle Aubron within the terrorist organization. For the time being, the first facts in the investigation seem to indicate that Hamami was somehow "employed" by the theoreticians in order to carry out robberies and to thus replenish the organization's cash supply.

[Photo caption] The police discovered a real arsenal on Borrego Street. Here, some of the weapons are shown in the office of Andre Soleres, deputy director of the Criminal Investigation Police.

9939

CSO: 3100/571

NESTE INCREASING EXPORT OF OIL FROM USSR

Helsinki HELSINGIN SANOMAT in Finnish 7 Apr 82 p 3

[Article: "Finland Exports Soviet Union Crude Oil to West; Replaced by Bitumen Raw Material"]

[Text] The Neste Oy firm may need during 1982 to export to Western markets as crude oil approximately half a million tons of the Soviet oil that arrives in Finland.

The Neste firm exports some of the crude oil because all of it cannot be refined in Finland for domestic needs or for foreign markets. The "oil flood" in Finland is caused by the fact that the quota for imports of crude oil from the Soviet Union was raised in the 1982 agreement to 8 million tons.

In addition, Finland must import between 600,000 and 700,000 tons of Saudi crude oil as bitumen raw material. The Saudi oil is already en route from American oil firms that sell Saudi oil on the so-called free Western markets.

During 1981, Finland imported its bitumen raw material directly from Saudi Arabia through an agreement with Petromin, that country's oil firm, for oil imports totaling 1.9 million tons. No agreement with Saudi Arabia yet exists for 1982, the negotiations having been postponed to a date near the end of the year.

The existing situation may lead to minimal crude oil imports directly from Saudi Arabia during 1982.

Finland has exported a considerable amount of crude oil in recent years, but those purchases have been mainly from North Sea sources.

5955

CSO: 3107/103

OIL, GAS TALKS WITH SAUDIS, NORDICS CONTINUING

Helsinki HELSINGIN SANOMAT in Finnish 7 Apr 82 p 35

[Article: "Neste to Negotiate Saudi Arabian Oil Imports at Year End; Bitumen Raw Material Purchased from Western Oil Firms"]

[Text] The Neste Oy Finnish oil firm and the Petromin oil firm of the Saudi Arabian Government will not be negotiating the import to Finland of crude oil until the end of 1982. The negotiations will involve the importation of 1 - 1.5 million tons of oil.

The negotiations have been postponed because of instability in the price of oil and in the international oil market, and because Finland is able to satisfy its oil needs almost entirely with Soviet crude oil and through imports of refinery products.

"The postponement does not mean that Finland intends to give up importing Saudi oil during the remainder of 1982. Actually, some Saudi oil is already en route to Finland," according to a statement by Jaakko Ihamuotila, Neste operations manager, at an event sponsored by the Pressoil organization on 6 April in Helsinki.

Ihamuotila noted that Neste has already concluded negotiations for the importation of various types of Saudi oil through the Aramco firm established by Saudi Arabia and four American oil firms. Aramco oil is used in Finland as a bitumen raw material.

During the past 3 years, the Neste firm has imported about 2 million tons of Saudi oil under a long-term agreement, but the terms of that agreement expired at the end of 1981. All told, Saudi oil has been imported ever since 1972.

Sweden Now Responsible for Natural Gas Negotiations

Other energy plans that Neste has had "under progress"==namely, the negotiations with the Swedish firm Swedegas for the transportation of natural gas from the Soviet Union across Finland to Sweden--are at a standstill. Ihamuotila notes that Neste has carried to a conclusion all its negotiations with the Swedes.

The Swedes have postponed rendering their reply until the autumn of 1982, although originally the matter was to be settled this spring. The Soviet Union offered Sweden natural gas already during 1972, and negotiations have been in progress already for several years between the Soviet Union, Neste, and Swedegas.

In recent months, Sweden has more energetically brought up the matter of importing natural gas from Denmark, for which an agreement already exists, and from Norway, into which venture Sweden has already invested 100 million kroner for preliminary studies.

inns also are participating in negotiations for the transport of Norwegian natural gas through the length of Sweden along a pipeline from northern Norway to southern Sweden and onward to Central Europe.

"Oil Must Be Abandoned Gradually"

Ihamuotila voiced a warning at the Pressoil event to the effect that it would not be in Finland's interest to abandon the use of oil at a pace exceeding that of other countries.

Finland is already dependent on oil to a lesser degree than other West European countries, on average. Finland's dependence on oil was approximately 48 percent in 1980, and after 10 years it will perhaps be 34 percent," according to Ihamuotila.

"In our discussions about energy we frequently lose sight of the national economy considerations. A rapid shift away from the use of oil would suddenly render useless large amounts of transport equipment and oil processing gear."

Ihamuotila also stressed the part played by oil imports in Finland's foreign trade. He feels that the continuing increase in the shift to electric heating arises in large part from psychological reasons.

5955
CSO: 3107/103

NEW AGENCY, FUNDS CREATED FOR CONTROL OF ENERGY

Paris LA LETTRE DES ECHOS in French 13 Apr 82 p 1

[Text] The series of instruments designed to give France control over energy should be in place in the next 2 or 3 weeks.

Without waiting for completion of the famous formula for revision of oil prices which was rejected and has not been submitted to some of the businesses concerned for their--highly questionable--approval, the government will soon be setting up the National Energy Control Agency, under the responsibility of Michel Rolant.

At the same time, the Economy and Energy ministries are supposed to set up the Energy Control Guarantee Fund, [FOGAME] mentioned in the report that Daivd Dautresme will be submitting to Jacques Delors very shortly.

The purpose of this fund is to guarantee, for banks and other financial institutions, the loans requested by firms to finance work and equipment replacement designed to save energy.

FOGAME will be a budgetary fund, rather than a government establishment. It is supposed to begin operations between 1 and 15 May 1982.

This Energy Control Guarantee Fund will have a capital endowment of 50 million francs. The resources will be contributed as follows: 10 million by the Ministry of Economy and Finance; 10 million as well by EDF [the French Electric Power Company]; 3 million francs from COMES [Solar Energy Commission]; and 1 million by the National Coal Board. Before it disappears, the Energy Economy Agency will contribute 26 million francs. Only the Ministry of Energy will not be making any direct contribution.

The government is currently putting the finishing touches to a number of agreements that will link FOGAME with various banks. According to the decree establishing the fund, it may guarantee up to 1 billion francs in investments the first year. Its charter will authorize it to guarantee half the investments financed by a bank.

It is expected to have a threefold impact on firms. First, loans should be granted by banks much more readily. Second, lending rates should substantially decrease, and the Ministry of Energy is hoping that firms will be able to enjoy terms comparable to those offered by INODEV. Finally, government authorities believe that delays should be reduced to a minimum. For instance, smaller loans (investments of less than 2 million francs), should be processed in less than a week at the regional level.

The Energy Control Guarantee Fund will not be managed by the agency of the same name. Instead, the Credit d'Equipment of small and medium-size enterprises will be entrusted with this responsibility. This will make it possible to immediately decentralize this new instrument, which could be part of the arrangement designed to boost investment.

9805
CSO: 3100/596

HOPE EXPRESSED FOR LARGE OIL FIND

Athens TA NEA in Greek 26 Apr 82 p 11

[Text] An oil deposit, larger than the known one at "Prinos," is very likely to exist at sea, 3 to 4 nautical miles west of the island of Thasos.

This view is being supported with some reservation by the petroleum experts of NABC [North Aegean Petroleum Company] who have indications of the existence of an oil fault west of Thasos. But they are not proceeding with any further details before the geometric exploratory phase begins on 10 May at the two specific sea locations (coordinates) that have been designated by the company.

The fact that there is a large deposit of hydrocarbons at this point of the gulf of Kavala is supported by the facts that were gathered recently as well as from older geophysic and seismic studies in this area that were done for the NABC and appear to be more than encouraging.

The NABC will start two drillings a mile apart with the "Votenko 3" drill that will arrive at Kavala from the Suez Canal on 6 May.

The drillings will go 10,000 feet deep because, according to the opinion of the experts of the company, the deposit of natural gases and petroleum should be found at that depth, just as they were found at "Prinos" on 6 January.

There are two viewpoints. One is that the existence of a new deposit should comprise the continuation of the known fault and the other is that the deposit should be separate and have no relationship to "Prinos".

Both drillings that will take 7 months will be needed to prove which of the two viewpoints is valid. The company will provide 8 to 10 million dollars for this drilling phase.

The sea area is considered virgin territory for exploration and may produce a surprise by the middle of the summer.

Two explorations done in the past in the opposite sea area of Pyrgos Eleftheron ("sandy" 1 and 2) did not produce positive results, but were not considered "orthodox" explorations because attention at that time had been concentrated on "Prinos".

In addition to the two drillings, the company had scheduled three more for a total of five. Everything indicates that the consortium does not risk so many millions of dollars just for an exploratory effort. Something good exists in the western sector of the depths at the gulf of Kavala. It is believed that it will come to the surface during the coming months.

Finally, a search for oil probably will take place also in the eastern section of Thasos.

9346
CSO: 4621/344

SAVINGS REALIZED FROM CHEAPER USSR OIL

Athens ELEVTHEROTYPIA in Greek 5 May 82 p 15

[Text] Greece will gain a benefit of about 7 million dollars in foreign exchange after the Soviet Union dropped the price of Libyan crude oil it has been supplying to us by 10 dollars per ton. That is what deputy minister of Commerce, Mr Giannis Papaspyrou, announced in clarifying that the price of a barrel that was \$31.85 will be reduced by \$1.35.

Remember that Greece has signed an intergovernment agreement with the Soviet Union for the purchase in 1982 of 1,100,000 tons of Soviet crude oil (Rousia) worth \$285,000,000 and another 900,000 tons of Libyan oil of Soviet ownership worth \$249,300,000.

The intergovernment agreement of Greece and Libya provides for the supply of 150,000 tons of Libyan oil (Es Sinder) in 1982 directly from this country valued at 41,400,000 drachmae.

As long as the foreign exchange benefit to our country from the decrease mentioned above is 7 million dollars, we may conclude that of the 900,000 tons of Libyan oil the Soviet Union will supply us, 200,000 tons have been delivered to Greece.

Another Reduction of \$4.5 per Barrel

Besides, the Ministry of Industry has obtained a decrease of \$4.5 per barrel for the oil from Thasos being purchased by the Greek government.

The minister of Industry, Mr An. Peponis, announced that after the negotiations between the Greek Distilleries at Aspropyrgos and the North Aegean Petroleum Company (that is exploiting the oil at Thasos), the price for the purchase of oil for the second quarter of 1982 was agreed at \$27.50 per barrel.

The price for the previous quarter that had been agreed upon in December 1981 was \$32 per barrel.

As is known, the Ministry of Industry recently obtained a decrease in the price of the oil supplied the Oil Processing Company from \$40.35 to \$35.30 per barrel.

FINLAND, USSR OFFER TO BUILD LOCOMOTIVES FOR DENMARK

Helsinki HEISINGIN SANOMAT in Finnish 7 Apr 82 p 35

[Article: "Finland and Soviet Union Jointly Offer Electric Locomotives to Denmark"]

[Text] The Finns have been negotiating with a Soviet supplier for the joint supply of electric locomotives to Denmark.

Eight locomotives are being offered to Denmark during the first phase of the planned electrification of its railroad system. The offer contains a provision for the supplying of 24 additional locomotives in subsequent orders.

In all, Denmark will need about 100 electric locomotives in the initial phase.

The unit price of the locomotives offered approaches 10 million markkas. Should the deal materialize, the Finnish suppliers would carry out the electrification work on the locomotives.

"Stromberg is currently negotiating also to supply fixed electrical gear for the Danish railroads," states Manager Vesa Kivinen of the traffic equipment department of the Stromberg Oy electric firm.

The attitude at Stromberg with regard to materialization of the locomotive deal is quite cautious at this time. According to reports filtering out of Denmark, other firms--especially the Swedish Asea firm and the West German BBC firm, which has previously supplied diesel-powered locomotives to Denmark--enjoy particularly advantageous negotiating positions.

Soviet Deputy Foreign Trade Minister Nikolay N. Smelyakov talked about this projected Fonnish-Soviet collaborative venture at the Eastern Trade Seminar that concluded on 6 April at Finlandia House.

It was noted at the event that Finland and the Soviet Union have quite good possibilities for the development of cooperation in third countries. At this time, joint projects amounting to about 600 million markkas in value are being investigated.

Construction projects are currently in progress in Libya and Iraq, and elsewhere. Currently under negotiation is the supply of thermal-power plant equipment to countries such as Iraq.

5955
CSO: 3107/103

EYSKENS ON STEEL, ENERGY, REINDUSTRIALIZATION

Paris L'USINE NOUVELLE in French 13 May 82 pp 88-90

[Exclusive interview with Mark Eyskens, Belgian minister of economic affairs, by Rene Le Moal, Alain Pauche and Claude Christophe: "Chooz, Ports, Steel Industry... Mark Eyskens Explains Himself"; date and place not specified]

[Text] The minister of economic affairs of Belgium, Mark Eyskens, 49 years old, enjoys a double reputation: that of knowing his files and explaining them with clarity and conviction. With regard to the majority of the "files" which constitute "the Belgian illness" (de-industrialization, aging of the Walloon steel industry, labor costs) or those which concern the French (power station at Chooz, port projects), Mark Eyskens lives up to his reputation. To such an extent that, during this interview, he seemed like "a man of crises."

In order to reduce the budgetary deficit, to modernize the production apparatus, which has aged much more in Wallonia than in Flanders, to preserve both the unity of the country jeopardized by the regional antagonisms and the social consensus, the policy developed by Mark Eyskens is based on... the market, the laws of the economy and "common sense": "I don't believe in bureaucratic and planned economic interventions," he told L'USINE NOUVELLE. "The state must create a propitious, constructive, and dynamic climate which will give renewed confidence to the industrial world."

[Question] It is said that Belgium is in a process of accelerated de-industrialization. Is that also your opinion?

[Answer] We have been very seriously affected by the crisis. And, while it is true that it affects all the industrialized states of Europe, Belgium has specific structural handicaps in facing it. I will mention two:

- 1) Our chronic government instability over the last 10 years, and the tensions between the communities of the North and the South of our country are not factors which are likely to facilitate the necessary effort of adjustment and reconversion.

2) We are a very old industrial land. It was in Belgium that the industrial revolution got a foothold in the 18th century under the aegis already of John Cockerill. And this precedence has bequeathed the steel industry, the mining industry and the textile industry to us. They are the most difficult cases in terms of jobs -- together with the construction industry, as the Belgians are the people with the highest level of home ownership in the world (60 percent of my compatriots own their housing).

Thus, since 1974 our industry has lost 225,000 positions, eliminations compensated by a somewhat artificial supplementary recruitment in the public service which, in turn, has caused such an acceleration of the budgetary expenses that in the end we had to freeze all recruiting...

But be careful! It would be completely wrong for all that to present Belgium as a future industrial desert. For 20 years it has experienced a spectacular proliferation of initiatives and investments in numerous sectors: especially the petrochemical industry, but also the metallurgical industry. Modern enterprises are in the process of rebuilding an important and resistant industrial fabric with a future. Perhaps not sufficiently labor intensive, but precious.

[Question] Isn't there a decline in foreign investments?

[Answer] Are you thinking about the multinationals? They have suffered like all the others, although, all things considered, they have resisted better than traditional Belgian industry. But the time of massive foreign investments is growing more distant: the continents are drifting...

[Question] Will you save your steel industry? Your policy does not always seem very coherent...

[Answer] In France, in Italy, in Great Britain also, the leaders have to settle their problems on a day to day basis. To a foreign observer, this may seem improvised... No, our objectives are clearly defined. The aim of the restructuring we are pursuing is to restore a good level of productivity to our steel production.

Hence, in a first phase, we have to gradually reduce the cash drain; in a second, we have to get the enterprise to pick up debt payments and financial charges. Its survival and that of the other enterprises in the sector are at stake. We are not giving in to some sort of employers' fetishism of productivity, which would be the hallmark of our center right government, as it was already the position of the preceding team. Our ultimate objective is a normalized competitive situation, without subsidies. For this we have the support of the Commission of the EEC: with regard to our 27 billion Belgian franc plan, the Commission has given us the green light for 21 billion francs.

Cockerill was worn out and had no future. This is the reason why it was necessary to proceed with an all-around modernization! Cockerill will once again become a beautiful plant. The continuous casting which is being installed there will restore it to the level of Sidmar, in Flanders.

It is altogether regrettable that the case has been politicized. For too long there has been a lack of direction. Locally, ill-feeling prevailed. Between the basins, among the people. The government itself had placed itself in a somewhat surrealistic position by simply transforming itself into a management committee of a steel manufacturing enterprise attending to its daily problems, and so on!

We have just reconstructed the board of directors. The new chairman and managing director, Michel Vandestrict, has been mandated to introduce a return to productivity plan before 31 May. The signs of an end to deterioration are multiplying, new structures have been put in place, we have stabilized a credit level of 53 billion francs, and attempts are being made to depoliticize the case. At the same time, the first beneficial effects of the Davignon plan are being felt. It is up to the enterprise now to take its responsibilities.

[Question] What are the responsibilities of Claude Etchegaray, former chairman and managing director of Usinor?

[Answer] For reasons which are understandable to us, Mr Etchegaray has refused the presidency but accepted an administrative position. To the new council, which constitutes a good team, he brings the collateral of his experience and of his presidency of Eurofer.

[Question] How will your plan be translated in terms of jobs?

[Answer] The elimination of 5,000 jobs, provided in the plan of 15 May 1981, accompanied by numerous guarantees, will not be sufficient. Just as the energy bill must be reduced, so the enterprise must cut down on its labor bill. A considerable effort remains to be made in terms of the aggregate remuneration of employees. The government, in turn, has done its duty: on the one hand, a freeze on the indexing of wages and on the interprofessional agreement, and on the other hand, the signing of a pact for employment. What is needed now is for the steelworkers unions to accept an extension of the index freeze until 1984.

[Question] You have not taken an official stand concerning the power station at Chooz. Are you leaving the matter to the wisdom of the French government?

[Answer] ... To that of the Belgian government as well! We don't dispute the French government's right to set up power stations wherever it chooses to do so. But we, in turn, have to deal with constraints and requirements in matters of ecology and security. Our standards are very tough. Hence, an exchange of views is indispensable, in a spirit of cooperation. There must be a way to link our industries and our countries: in terms of investments and in terms of technological benefits, through the sale of electricity to Belgium. We have already discussed this with Mr Herve, the French minister of energy. If we could not have the electricity from Chooz, then we would have to build other power stations.

[Question] How do you conceive your energy independence?

[Answer] For Belgium, energy independence is nonexistent and impossible. All we can do is limit our dependence. Coal is our inexhaustible strategic supply. Unfortunately, it is too deep. Consequently, it is more profitable to import coal from Poland, the United States, even Madagascar. But we are not forgetting that more than 20,000 people are still working in the mines. More than at Cockerill!

We are the European country which has reduced its oil consumption the most, on which our dependence has dropped to 47 percent whereas it was 58 percent 10 years ago! That is very important, 20 percent less! And all of this through a simple market operation, not through constraints.

We are also the country in Europe where the share of nuclear power in the production of electricity is the highest: 30 percent! When our plan for seven power stations becomes operational, we will go to 50 percent. Between now and 2 years from now, we will decide whether another three should be added: in Antwerp, in Doule, and in Tihange. The condition? That the consumption of electricity increase by 3 percent per year.

[Question] We are worried about the Belgian projects relative to port development. What are your ambitions?

[Answer] As a matter of fact, since the liberation we have conducted a dynamic port policy, expressed by large complementary investments in Antwerp, Ghent and Zeebrugge. Ghent, a river but also a maritime port, specializes in refrigeration; Antwerp, oriented toward foreign countries, will be the second largest industrial port in Europe; Zeebrugge will be our energy port, with numerous activities derived from gas.

The Dunkirk projects worry us as well... What is regrettable is the fact that up to now the EEC has been unable to impose an integrated port policy. There should be a European High Authority for ports, which would put an end to the waste. But Europe is very sick; it is the result of our national illnesses.

[Question] What are the means available for your industrial redeployment?

[Answer] Belgium is a kind of sieve. The reindustrialization will take place through the play of economic laws. There is nothing more implacable than the constraint of competition. I don't believe in bureaucratic and planned economic interventions. The state must create a propitious, constructive, and dynamic climate which will give renewed confidence to the industrial world.

We will encourage the sectors of the future, everything that is sophisticated, of high technology, based on research and development. Do you know that Belgium has a very valuable basic and applied research program? What we lack is a good link between research and industry. We are working on it.

However, this is not the only remedy for our employment problem. This is why the traditional sectors, such as textiles, are far from being lost, as long as we settle on good slots. For good products there are numerous buyers in the world, specifically in the newly industrialized countries.

[Question] In this context, do you consider the reduction of working hours a possibility?

[Answer] You shouldn't put the cart before the horse. In Belgium, we have reduced working hours spectacularly. Some union leaders are pushing us to continue. But at the same time, we have the highest level of unemployment in Europe. I defend another thesis: let us first proceed with a structural stabilization, let us restore productivity, and let us bring costs under control, and then we will consider another work distribution. It is necessary first to get the machine started again! To reduce the work week to 35 hours would break it. History proves me right: it is thanks to the major industrial revolutions that it has been possible to reduce the working hours.

[Question] What role do you assign to your PME [Small and Medium Size Enterprises]?

[Answer] In Belgium, the PME are born and die naturally. Our aid to enterprises in trouble goes primarily to large enterprises. This is a reproach which could be addressed to us. But the most dynamic ones have access to a whole set of encouragement measures. Belgium is a country with one of the highest levels of exportation in the world: all enterprises must adapt themselves to foreign demand. We have no other outlet.

[Question] Won't you, in order to return to competitiveness, have to break the Belgian social model?

[Answer] Break, no! But the significance of labor costs has not been sufficiently measured. It has been proven that currently any real increase in remuneration destroys jobs. This is why we have temporarily frozen the wage index, except for the lowest wages, while maintaining the indexing of social benefit payments. This was necessary to make the devaluation successful. By stabilizing wages, you stabilize employment. We reject the Danish model. For all that, we don't go to war against the unions. On the contrary, we want to put an end to a decade of Belgo-Belgian war which hid our economic problems. We have received special powers from parliament, and we are using them by first listening to all the social categories. We are coming out of a dream which was turning into a nightmare.

[Question] How are you going to save Wallonia from bankruptcy?

[Answer] The state reform, enacted 2 years ago, no longer gives the government anything but national authority. Like Flanders, Wallonia is now equipped with an executive body answerable to a regional assembly. This executive body is also responsible for the future of the region. I hear it said that they don't have the necessary financial resources, but it is up to them to provide them, not to the state! To paraphrase a famous slogan, I would say: "No representation without taxation!"

However, it is clear that the government concerns itself with Wallonia. We are going to refund those taxes which are localizable to the regions. But we are also keeping oversight over the five large industrial sectors which are of importance.

And then there is a return to common sense in Belgium, which furthermore is its fatherland. The economic antagonisms between Flanders and Wallonia will become blurred. Cockerill-Sambre, a Walloon enterprise, costs a great deal to Belgium, that is to say 60 percent of it is charged to the Flemish. But if Mr Vandestrick succeeds in limiting the cash drain, and then is gradually reducing it in 1983, then everyone will benefit.

The development of economic growth also allows for some optimism: a few days ago, the barometer of the National Bank jumped by 3.5 points. This had not happened for 20 years! But if by next year there is no real improvement in overall economic activity in the world, then we will have to be pessimistic, not only for Belgium, but for all of Europe.

[Question] What do you do when you hear the French talk about "reconquering the domestic market"?

[Answer] I am afraid of a sophisticated, insidious, disguised, hypocritical protectionism. We are not going to get out of the crisis by withdrawing into ourselves. Watch out for vain words! Belgium and France have economies which are certainly competitive, but also complementary. This is what should be stressed. Belgian and French company managers have already done many things together in the past; it is possible to do better in the future. By allying themselves to work with the Third World for example: both of us have experience in Africa.

I am not deluding myself: there is a Belgian illness and there is a French illness. Western man is getting tired. But we have to think about the future.

8463
CSO: 3100/675

QUEBEC ECONOMY HIT HARD BY EFFECTS OF RECESSION

Paris LE MONDE in French 20 Apr 82 p 17

[Text] After having been the guest of the Canadian Federal Government, Mr Pierre Mauroy will visit Quebec on 25, 26, and 27 April. He will find that the people he speaks to have problems with which he is familiar: rising unemployment, a budget deficit, and also the definition of an industrial policy for the administration and its entities.

Montreal--From 1973 to 1980, Quebec experienced greater growth than Ontario, its rival English-speaking province (the two of them represent 60 percent of the population and three-fourths of the industrial production), and greater than the Canadian average. This was a result--in strong contrast with the past--of which the leaders of the "Belle Province" were extremely proud. Today this feeling has given way to dismay. Since the beginning of last September, Canada in general and Quebec in particular have been hit hard by the recession, by far the most severe recorded since the end of the war.

American Interest Rates

American interest rates are talked about even more in Montreal than in Paris or Frankfurt. Financially, Canada lives in symbiosis with the United States. But due to an exchange rate policy which the Bank of Canada follows with a stubbornness that Quebec feels is blameworthy, the bank is not content to base Canadian interest rates on American rates, but time and time again maintains them at a higher level. This is what Quebec's dynamic minister of finance, Mr Jacques Parizeau, one of the strongest personalities in the Parti Quebecois [PQ], which is in power, frankly criticizes. He speaks with irony of this curious choice by federal authorities with respect to exchange rates.

Of all the large industrial nations, Canada is the only one to establish as an objective the approximate stability of the exchange rate vis-a-vis the U.S. dollar. The margin of fluctuation which the central bank allows itself is very narrow, although it is not obligated to do so by any international agreement. And the final criterion to which it refers for control is the rate of the U.S. dollar:

"If the Canadian dollar is worth 84 American cents, they are euphoric in Ottawa, singing like birds; on the other hand, if it falls to around 80 cents, they scream disaster," Mr Parizeau tells us in the vivid language of the country.

In July 1981, the American rates were again close to their highest point (20 percent). The weak Canadian dollar did not withstand the onslaught well. It was bordering on the fateful 80-cent rate of exchange. The brutal reaction wasn't long in coming. The Bank of Canada raised the short-term interest rate to between 24 and 25 percent, the highest in the industrialized world. It didn't take long for the consequences to appear, either: "The economy gave way," Mr Parizeau says succinctly.

Since then, a drop in activity, occurring at an unprecedented speed and not sparing even the western provinces, has been witnessed. But it is Quebec that has been hardest hit: Quebec, which considers itself the primary victim of Ottawa's anti-inflation policy, conducted according to the "monetarist" methods favored in Washington, and in defense of the Canadian dollar.

If Quebec has been the most affected, this is explained by the structure of its economy, in which small and medium-size businesses predominate in the shadow of a state sector that, in general, is barely profitable, if not in the red (with a few shining exceptions). In a period of tight credit, a Quebecois expert sadly notes, the multinationals, which play a larger role in the economy of Ontario and other provinces, can help to stabilize the economic situation. They are much less dependent on local banks. They can bring in capital from other countries where borrowing conditions are more favorable.

For historical reasons (weak development of the capital market), the financial structure of Quebec companies is weak: they lack capital and are heavily in debt. An increase in the cost of bank credit makes its effects felt immediately. In 1981, 41 percent of all Canadian business failures were concentrated in Quebec. In manufacturing sectors, production literally slumped for 7 months. Again, a new development, weren't they the only ones who had to reduce their staffs?

Not only is unemployment growing faster in Quebec but, contrary to what is occurring elsewhere, there is a decrease in the total number of jobs. Since last September some 90,000 jobs have disappeared in Quebec, corresponding to a little more than 3 percent of the working population. Of this number, half are related to industry and construction, but the other half to commerce and services. This is the first time since the 1930's that a drop in employment in the tertiary sector has been noted.

Traditionally, the share of the working population finding itself unemployed is larger in Quebec than in the other provinces. Despite the more rapid economic development of previous years, the difference has not been made up. Perhaps one of the reasons is that the cost of labor has simultaneously increased faster than elsewhere. In 1973, wages in the private sector

"lagged behind" Ontario "by 7 percent" (according to the local saying), and "behind the rest of Canada by 4 percent." Today they are 2 percent higher than in Ontario, and have caught up with the Canadian average. As for the minimum wage, it is higher than in any other province except Saskatchewan.

"Rather Severe" Restraints

This trend is not unrelated to the somewhat "demagogic," according to the Quebecois Party, policy (with Socialist tendencies, however) practiced by the Liberal Party in power on the eve of the November 1976 elections. Considerable advantages were then granted to public officials, not only the sliding pay scale based on the cost of living, but also a quasi-guarantee of a 2.5-percent annual increase in purchasing power. As in France, the public sector here has a tendency to set the tone.

"What was expected of me," Mr Parizeau told us, "was to create jobs within the administration; I would be glad to do it a little, but the policy I am conducting is above all a policy of rather severe budgetary restraint, notably with a view to reducing the cost of public administration."

It is true that the high salary level is one of the causes for the disturbing deterioration of public finances--another subject of concern for Mr Rene Levesque's administration. Polls show that the majority of the population would favor elimination of the benefits acquired by government officials. The minister of finance has just presented the proposed budget for the fiscal year that began on 1 April (as in Great Britain). It amounts to some 23 billion Canadian dollars, a 14-percent increase over the previous budget. Last year the deficit could be held only to 3 billion (2.1 billion of which was for "net financing requirements")--an already quite high figure--through a highly unpopular doubling of the gasoline tax. In 1982-83, it will no doubt be necessary to raise taxes again, particularly indirect taxes (as the income tax in Quebec is already the highest of the 10 provinces in the Federation). The minister still isn't speaking about it openly, but everyone is aware that this is one of the important decisions to be made and to be presented to the National Assembly (as the provincial parliament is called) for a vote within the next few weeks or months.

Another Bad Blow From the Federal Government

Let us note that approximately 60 percent of total public expenditures are covered by Quebec's budget, and 40 percent are part of the federal budget. In general, responsibilities are shared as follows: social expenditures (social security, aid to families, unemployment insurance, etc.), as well as railroad, port, and airport management, are handled by the federal government. The rest, especially "fixed investments" for roads, schools, hospitals, etc., is up to the provincial government. However, not all of the province's revenue comes from the taxes it levies. Approximately one quarter of it is paid in the form of "transfers" (subsidies) by the federal government by means of a system through which equal distribution among the various provinces is determined.

Now, in "a deliberate attempt to reduce payments to Quebec," says Mr Parizeau, the Ottawa government has just changed the rules for transfers to the provinces. At the expected 12-percent rate of inflation, the corresponding sum paid to Quebec will increase by only 2 to 3 percent for the current fiscal year compared to the previous one. This is an additional reason for Quebec's worsening budget situation. The third reason (true for all of Canada) is the basing of "domestic" petroleum prices on the international level--an arrangement which will be in force very shortly, as a result of the agreement made between the federal government and Alberta. For Canada as a whole, petroleum market trends are taking on the aspect of a true economic crisis. On the one hand, significant investments, whose profitability depends on maintaining a high international price (or at least more or less regular increases), have been made. Many of these investments in progress, financed by costly loans, are compromised today, and as a result there has been an increase in business failures where they are least expected: in the energy sector. On the other hand, prices of petroleum products, which until now have been sold at very low rates on the national market, are going to increase abruptly.

Returning to Quebec's own affairs, the province is not completely at a loss in the face of the problem posed by the decrease in federal revenues at the very time when new categories of expenditures are appearing. The heavy investments made by Hydroquebec, the largest state company, for the development of the waterpower resources of James Bay, in the north, have begun to bear fruit.

Despite the low cost of the electricity thus abundantly produced, the sales price has increased significantly every year (up 16 percent on 1 January), so as not to interfere with the development of gas. The result for Hydroquebec is very substantial profits. Electric consumption is clearly increasing more slowly than expected (up 5 percent, instead of the 7.5 percent allowed for when the big project was launched), which allows more lead time for the second section of the job (17,000 MW have already been installed; it is felt that an additional 15,000 could be profitable). With the need for self-financing diminishing to this extent, the Province of Quebec indeed counts on claiming its dividends (746 million dollars in profit in 1980, 550 million in 1981).

A Bold Investment Policy

"The peaceful revolution" of the 1960's from which modern Quebec arose, was marked by important state initiatives on the industrial level, with Hydroquebec being the most spectacular. Faithful to the French tradition in this, Jean Lesage thinks that, in the absence of a definite spirit of enterprise, the administration must lead the way in order to make up for the delay. Mr Bernard Landry, state minister of economic development, has just added a new chapter by publishing a new prospective study, "Building Quebec." The question of knowing whether the results of this policy have been conclusive on a purely economic level remains unanswered, but it has certainly helped to hasten the "Quebecization" of the economy, and this was one of the basic objectives pursued.

The General Financing Company, the major state industrial group, barely emerged 2 or 3 years ago from the serious difficulties into which one of its larger subsidiaries, the Marine Metallurgical Construction Company, had put it; but the group as a whole is showing only poor profits despite the good results of the Donohue company, which produces newsprint (it is associated with Cellulose du Pin).

Special mention must be made of the dynamic policy being conducted by the Savings Bank. Due to a regular increase in the savings deposits it handles, it has been able to increase the size of its investments each year. At the end of this year, total investments will amount to 15.6 billion Canadian dollars, including 5.9 billion in Quebec government bonds (Quebec is trying unsuccessfully to have the bank take a larger share of its offerings). The president and general manager, Mr Jean Campeau, a former government official who has found a new vocation as a big businessman, intends to decrease the percentage of investments in fixed-yield securities (from 83 to 80 percent) and to increase the investments in title deeds (stocks and real estate) from 17 to 20 percent.

The Savings Bank has become the principal shareholder in Alcan, the large aluminum manufacturer; [the bank] currently holds a little under 6 percent of the stock, but it hopes to increase this to around 7 percent in the next few months. Together with the aforementioned General Savings Company, it has taken control of the Domtar Company, which is expanding its activities (paper, wood, chemical products, etc.) throughout the North American continent. It also has joined with a large private group to become the majority shareholder in the Noranda mining company.

Nationalist considerations are not absent from this policy. On the boards where the Savings Bank is represented, it assures openings for graduates of French-language universities in order to see that positions are available to them more or less in proportion to its share of the company's equity.

9693
CSO: 3100/604

USSR OFFICIAL PROPOSES ADVANCE PAYMENTS TO ADJUST TRADE

Helsinki HELSINGIN SANOMAT in Finnish 7 Apr 82 p 35

[Article: "Dr Yuri Piskulov Suggests an Approach to Trade Balance by Readjusting Advance Payments Rates"]

[Text] The imbalance that has come into being in trade between Finland and the Soviet Union could, according to the Soviets, be partially corrected by a readjustment in the prevailing rate of advance payments.

"For instance, a reduction of 5 or 10 percent in the current rate would tend to restore the balance and could open up opportunities for smaller firms," according to Deputy Director Yuri Piskulov of the Administration for Western Trade Relations of the Soviet Foreign Trade Ministry at the information event of the Eastern Trade Seminar organized by KAUPPALEHTI and EKONOMICHESKAYA GEZETA; the [trade seminar] closed on 6 April.

Payments of an advance nature accrue to Finland above all from shipbuilding deals and exports arising out of construction projects. According to a rough rule of thumb, the size of the advance payment in a shipbuilding deal, for instance, is about 25 percent of the deal price.

However, it is believed that a possible change in the current rate of advance payments would not be of any great importance in reducing the existing disparity, because the advance payments due on the shipbuilding deals currently outstanding have already been paid.

During the 5-year period starting at the beginning of 1981, Finnish ship-builders have registered advance payments for the deals to the extent of about 500 million rubles, which amounts to about 3 billion markkas.

At this time, of course, not any of that amount can be interpreted as advance payment any longer because construction of a portion of the contracted ships is in full swing. According to Finnish experts, it is difficult to determine accurately the proportion of the current advance payment that represents disparity, because the amount of advance payment constantly dwindles during the entire time that construction of the ship is proceeding.

The quota for ships in the basic trade agreement currently in effect is 2.5 billion rubles. This agreement has been in effect since the beginning of 1981. Shipbuilding orders amounting to more than 2 billion rubles, or over 12 billion markkas, have already been registered for that quota.

5955

CSO: 3107/103

JAPANESE TO OPEN FACTORY, ADVOCATE TECHNOLOGY TRANSFER

Factory Will Reduce Deficit

Paris ELECTRONIQUE ACTUALITIES in French 2 Apr 82 p 4

[Article: "Sony To Open a New Factory in France"]

[Text] Mr Tozawa, president of Sony Magnetic Products, announced in Paris on 25 March that a new factory will be built in the community of Pontonx, near Dax. Using standard technology, this production unit will manufacture cassettes for Beta Format video cassette recorders.

In building a factory in Dax, Sony becomes the prime manufacturer in France of cassettes for video cassette recorders...because there is no competition. For Tozawa, the primary consequence of this initiative will be the reduction of a deficit in the French trade balance in this area, a deficit which is not very large since Beta Format accounts for only 17 percent of national purchases of video cassette recorders. But the important fact is that this plant will also be a bridgehead to Europe which will make it possible to increase Sony's production capacity in this field while reducing transportation problems.

The future Dax-Pontonx factory will employ between 440 and 530 persons, of whom about 65 percent will be female workers. Its opening is scheduled for next spring (1983), which gives the local communities enough time to buy the land and build the factory. The Pontonx plant will then be returned to Sony under a rental-lease arrangement (for 15 years). Sony will install its equipment, worth a total of 141 million francs. A production of 10 million video cassettes is predicted for the first year, and 15 million for the following year, which corresponds to the theoretical production capacity. The directors of the firm point out that from the beginning, 70 percent of production will be exported, mostly to European countries. There is already a Beta Format cassette factory in the United States, in Alabama, which enables Sony to supply the American continent.

If the builder's strategic approach is examined, some parallels with the building of the Bayonne factory are noted. About a year ago this Basque city already had a production center which was to manufacture video

cassettes. There are now 375 individuals, 80 percent of them female workers, contributing to the production of 3 million cassettes a month, 90 percent for export (25 percent to Japan). The two units at Bayonne and Dax strengthen Sony's establishment in Europe, which is laid out in a regular and systematic pattern: in England the factory at Bridgend produces the line of Trinitron televisions; in Germany the Stuttgart plant produces stereo equipment and Trinitrons; and some audio products are manufactured in Barcelona. Because there has been a relative decrease in production of Japanese video cassette recorders, due largely to saturation of the local market and to the unsteady economic movement regularly noted in mass-market electronics, Japanese manufacturers are intensifying their efforts to establish themselves abroad, especially in England, Germany and France.

Sony President Wants Technology Transfer

Paris LE MATIN in French 18 Mar 82 p 7

[Article by Henry Lauret: "Sony Is Ready To Transfer Its Technology to France"]

[Text] There is something new in French-Japanese relations. And new it is! Akio Morita, president and cofounder of Sony, has offered to transfer "all its video technology" to France, from the video cassette recorder to the revolutionary Mavica, a new concept in photography. Just as Michel Jobert is ending his visit to Japan, this proposal is of an obvious political interest in the perspective of the April trip of the president of the Republic.

"I do not perceive French-Japanese relations in terms of confrontation.... Despite what some people think, our two countries can cooperate while respecting each other's interests. But I want to talk about true industrial cooperation, based primarily on technology transfer and joint research and development of concepts and products. This is why Sony is willing to transfer to France its know-how in the area of video technology..."

Thus speaks Akio Morita, the president of Sony, who is convinced that this is the only possible way to achieve progress in the rather stagnant economic and trade relations between the two countries. The French presence in Japan amounts to about 155 firms. We are Japan's 22d supplier, its 17th client.

What is worse is that the political and psychological climate between the two is marked with the seal of defiance and rampant protectionism. Because they are implicitly barred from the Land of the Rising Sun, some French industrialists complain, often justly, of the closed Japanese market. On their part, the Japanese point to the quotas which limit their sales of televisions, automobiles, motorcycles and so on. A dialogue of the deaf. And at the political level, the margin for maneuver seems even smaller since the Japanese hardly appreciated Michel Jobert's thinly veiled threats to tighten the quota system. As for the French, they vie in repeating that it is not a question of encouraging a technology transfer in the areas of nuclear

energy, space and aeronautics. The Japanese are challenging their wishes. But, one fears that according to a strategy that has worked so well for them, they will take advantage of this to make trouble for us in our own best technological areas.... Only the rich can borrow money.

In this perspective, the offer by the president of Sony takes on a distinct prominence. The preliminary Thomson-JVC-Telefunken-Thorn agreement collapsed on the French side precisely because it gave the Japanese manufacturer complete control of the project and, it was thought at the Ministry of Industry, did not provide for any real transfer. "What France has done in the past in the realm of nuclear energy, it can do today in mass-market electronics. Sony is ready and willing to play the game with one or several French partners. We must forget the past and build the future. From the television to the video cassette recorder to the Mavica, our company is willing to consider any type of cooperation with France," emphasized Yves Ragouneau, president of Sony France.

So, following the steps of Suzuki for motorcycles, Sony has confirmed that some Japanese industrialists are changing their strategy and favoring true cooperation instead of a masked war. Akio Morita, as a globetrotter and plenipotentiary ambassador of Japanese owners (the Keidanren) would like to set the fashion and persuade his peers and partners. The Sony factory in Bayonne would then be only a first step. Will the April visit by the president of the Republic finally be able to eliminate the uneasiness and misunderstandings? In the long run, we would definitely benefit from that.

9720

CSO: 3100/575

INDUSTRIALISTS, PLANNERS DEBATE STRUCTURE OF NEW PUBLIC SECTOR

Responsibility of Ministries

Paris LE NOUVEL ECONOMISTE in French 8 Mar 82 pp 38-39, 42-44

[Article by Jacques Barraux: "The State and Its 4,000 Enterprises"]

[Excerpts] The nationalization law has passed. The P-DG's (president directors-general) are at work. But the rules for supervision, planning and the democratization of the public sector remain to be determined--a critical test on which the future of the nationalization program depends.

It is the end of Act One. Some 900,000 wage earners have just changed employers. What with the old and the new public sectors, the French state has ended up heading a remarkable conglomerate: 4,000 enterprises to manage, 30 percent of the turnover of the nation's industry, a third of its exports, 75 percent of research and development capacity and the leading banking coalition in the Western world. How to distribute the parts to such a vast orchestra? That is the theme of Act Two.

As was foreseeable, the parliamentary debate on the nationalizations was to be summed up in a confrontation which took place between the two solid blocs of the majority and the opposition with surprises. But here is a new debate now opening up, this one confined to only the majority ranks: How will the new public sector be used? How are the National Plan and the enterprise plans going to fit in with each other? What will be the rights and duties of senior management and of wage earners in nationalized firms? United on the concept of nationalization, the different groupings of the Left are a long way from proposing the same answers.

The factions are going to be able to express their opinions: several bills meant to delineate the future physiognomy of the public sector are now being drawn up. The first bill deals with "the organization of the public sector" and is due to be submitted to parliament in the spring session. (It among other things establishes the rules for retrocession of public sector enterprises to the private sector.) The second bill defines the rules for "the democratization of the public sector" and should be brought up for discussion in the fall. The third concerns "the reform of planning." The

last two have more general objectives: the law on orientation and programming of research (discussion to start in the spring session) and the law on banking reform (a standard hypothetical subject; debate pushed back to fall). It would seem that the feelings of two groups, the "industrialists" and the "planners," are bound to be opposed on all the subjects to be dealt with.

--The "industrialists": In the words of Alain Minc, director of Saint-Gobain's financial department, "the new Saint-Simonians are Socialists." Enthusiastic about industry, and trained in the shadow of the senior branches of the civil service, they believe in the virtues of the French model of nationalization, "an effective model because it is based on the principle of autonomy for senior management staffs," Mr Minc explains. "Wherever state enterprises are subjected to the dictatorship of the civil service departments, it is a disaster. Nationalization works when carte blanche is given to empire builders." Pierre Lefaucheur and Pierre Dreyfus at Regie Renault [the state-owned Renault company], Pierre Guillaumat at ELF-ERAP [Gasoline and Lubricants Company of France-- Petroleum Prospecting and Activities Enterprises] and Andre Giraud at the Atomic Energy Commission were successful because they were allowed to take big risks. And Mr Minc concludes: French-style nationalization consists of alleviating the financial constraint which weighs heavily on groups in order better to free managerial teams to take aggressive action. Men count more than plans.

--The "planners": During their long regimen in the opposition, Socialist activists never stopped thinking about the concepts of pathways [filières] and of the international division of labor. Certain working hypotheses turned into certainties. "People talk too thoughtlessly about an electronics pathway," complains the former minister of industry, Andre Giraud. "You know, the electronics pathway is a Nile delta! A hundred years ago now, our ancestors did not believe they were compelled to speak of a mechanization pathway. One must beware of pseudo-Cartesianism."

Well founded or not, a conviction remains strongly entrenched among teacher and civil servant activists: nationalization only makes sense if it coincides with a toughening of planning procedures. Since the Socialist government wants to set off to reconquer the domestic market and to protect industrial employment, it must give strict orders to the enterprises it controls. "It will have taken 100 years to break down the employers' privilege of divine right and the dictatorship of short-term profitability," recently declared Christian Goux, 52 years old, deputy mayor of Bandol and chairman of the Finance Committee in the National Assembly. "The state alone is capable of taking macroeconomic equilibria into account in the choice of investments. It alone can coordinate reorganizations of industrial structure."

The clique of "industrialists" claims to be pragmatic and against red tape. The clique of "planners" advocates increasing integration of macroeconomics and microeconomics, albeit at the cost of a certain amount of state intervention.

Since the start of the nationalization program, which is to say, since the June 1981 Mauroy speech, the "industrialists" have continually won acceptance for their views. It is true that the ministry of industry is one of theirs, and that Jean-Pierre Chevenement in the Research Ministry elaborates arguments closely related to theirs. "Pierre Dreyfus has been wrongly spoken of as enfeebled by his age," state Messrs Michel Bauer and Elie Cohen, the two authors of an inflammatory book on power in industrial groups. ("Qui gouverne les groupes industriels?" ["Who Rules Industrial Groups?"]) "In actual fact, if the 1981-82 nationalizations really mark a break with the bad old ways of the state as an employer, it will be mainly due to Mr Dreyfus. The government has sided with him on all key points of the law."

--Nationalization of 100 percent rather than 51 percent: "The only way to escape public sector-private sector ambiguities and to insist on a strictly industry point of view." Jean Le Garrec, secretary of state for the expansion of the public sector, championed this same viewpoint.

--The period of time for the nationalization process: Mr Dreyfus wanted a "blitzkrieg" and opposed the slow fruition of an exhaustive text which would have laid down everything concerning the internal functioning of public sector enterprises.

--The autonomy of industrial groups, an autonomy announced publicly by the French president and mentioned in the "letter of mission" to the officials of the groups.

--The profiles of the managers chosen to run the newly nationalized enterprises. "It is the best selection possible, considering France's limited reserves of managers of international stature," observes a former minister under Giscard. The Western business community has taken note: "Cash flow" and long-term profitability will not be sacrificed to the demands of social policy.

Main Points

But, while the "industrialists" have won the first round, there remain two obstacles for them to overcome, two main obstacles before one can really estimate the scope for autonomy promised to the managers of the nationalized groups: ministerial supervision, on the one hand, and planning procedures on the other.

The organization of the supervision of the nationalized groups concerns a large number of agencies: the Ministry of Industry, the Ministry of Economy, the Ministry of Planning and the whole body of technical ministries--so many power centers which do not all have the same interests to defend.

In Jean Le Garrec's office it is affirmed that each enterprise will have to be accountable to only one single supervisory agency: the Ministry of Economy for the banks, the Ministry of Industry for the industrial groups. Mr Dreyfus attaches fundamental importance to this arrangement. "Since

the government gave up the idea of creating a big public sector ministry," they say at Rue de Grenelle, "there must be a single interlocutor provided for each state enterprise P-DG. That is the only way to establish lasting and constructive ties."

To be sure, public enterprises deal continuously with different ministries. But in that case what we are talking about is specific relations with the state in its capacity as purchaser (Posts and Telegraph Ministry for Thomson and CIT-ALCATEL [expansion unknown], the Defense Ministry for Dassault and Aerospatiale [National Industrial Aerospace Company], and so on) or with the state in its capacity as lawmaker (the Ministries of Economy, Research, Labor Planning). By putting firms under the supervision of customer or regulatory agencies, one would lay oneself open to an unfortunate confusion as to lines of work, an open door to accommodating behavior. The Rue de Grenelle conclusion is that the Industry Ministry alone is able to compel firms to follow the principle of strategic autonomy through to its logical conclusion.

When one talks about supervisory mission one is also talking about control of the planning process. And Mr Dreyfus states his views regarding enterprise plans, which he seems to want to keep at a considerable distance from the National Plan. The planning and control arrangement fits together this way: Proposals presented by enterprise headquarters, then debate with Industry Ministry departments, coordination efforts within the framework of the Planning Ministry's general objectives, then study of investment programs to be guaranteed by the Public Revenue Department, audit after the event by the Court of Accounts. "The Renault model of coordination with the state has worked too well up to now for the minister of industry not to make himself its promoter," observes Pierre Eelsen, 49 years old, delegate general of that state-owned company.

At the Ministry of Economy, people do not oppose the arguments of supporters of the "Renault model" of supervision, planning and monitoring. The observation is simply made that one of the foundations of the current program of nationalizations lies in the search for a new financial dynamic. The capital endowments and large investment programs of the massively expanded public sector are going to pose formidable technical problems for the Public Revenue Department's management. For several days now, the Public Revenue Department has had a new director: Michel Comdessus, age 49. For the first time since 1946, the job has not gone to a Finance Inspector. Mr Comdessus has inherited an overwhelming mission, since the Public Revenue Department has become accustomed to being both the banker and the financial manager of the public sector. One solution in the Rue de Rivoli study is the creation of an office of public holdings (breaking up the Public Revenue Department's present structure), a measure which would seem very useful considering the immense sums drained off toward the nationalized sector, but which poses power problems within the Finance Ministry administration.

Consultation

And where is the Planning Ministry in all of that? It also intends to have some weight itself in the new organization of the public sector. Christian

Goux was recently named chairman of the main committee for planning reform. With the support of Michel Rocard, he is recommending setting up a "Plan Contracts Committee." The secretariat of this committee would be provided by the General Planning Commission which Hubert Prevost runs. Chairmanship of the committee would go to the prime minister. The technical and "horizontal" ministries would be represented in the committee. According to the anticipated arrangement, each public enterprise would prepare its multi-year plan in consultation with its supervisory minister; then it would submit it to the Contracts Committee, tasked with checking conformity with the objectives of the National Plan. The enterprise plans would only become effective once they were endorsed by the committee.

Already provided for in the interim plan, this provision is not at variance with the principle of single supervision. But some would like to invest the Contracts Committee with broad authority. And, in particular, a lively debate is starting up over the content of plans imposed on each enterprise. Mr Dreyfus argues for "general and reviewable objectives." Nevertheless, the Socialist and Communist deputies would like a minimum of specific commitments. "The current nationalizations are to some extent our baby; we recognize that fully," affirms Philippe Herzog, PCF cadre. He still has to appear docile.

The rules for planning and supervision are not the only sensitive "post-nationalization" subjects. The "law concerning the democratization of the public sector" is itself also stirring up people's minds a great deal, starting with the trade unions, which are very much divided concerning the modes of wage earner participation in the management of enterprises. Where are we in that regard?

The plan is still under study in Jean Le Garrec's shop. The first rough outlines have been drawn up by one of the members of his cabinet, Alain Rannou, in collaboration with Bernard Brunhes at the Matignon, Mrs Jeanette Laot at the Elysee and Mrs Martine Aubry and Jean Brun at the Ministry of Labor. Government doctrine seems established on a certain number of provisions:

--Tripartism of boards of directors: The managers of public enterprises will not have too much to be afraid of from their directors. Tripartism, 1982 version, strongly resembles the Liberation version: The state in its capacity of shareholder reserves the major portion for itself, as if to better protect its direct communication with the P-DG's (appointed in Cabinet).

At the present time, boards of directors include seven representatives of the state, six representatives of the workers and five representatives of the "economic environment," the new name given to the old "representatives of users" group. Will this proportion be retained? One thing is certain--that all directors will have voting rights and will be held to secrecy.

--The area covered by the law: The law will be applied to both old and new nationalized groups. Are strategic subsidiaries affected? The matter

is in abeyance. The CGT advocates the extension of the law to all enterprises in which the state holds at least 30 percent of the capital. The government is attracted by the formula of 51 percent holdings in subsidiaries instead. Even so, that means 3,500 companies!

--The formation of directories and oversight boards: Parent companies will have standard boards of directors. On the other hand, the issue is not yet settled for subsidiaries. The CFDT, traditionally distrustful with regard to tripartism, is actively arguing for the director-oversight board formula.

--The election of workers' representatives: The trade unions clash strongly on this subject. The CGT wants elections from trade union lists and FO [Workers' Force] to keep the status quo. The CFDT is wavering but leans toward open election. The government seems to have decided in favor of a broadened electorate with proportional representation. It fears confusion of functions between the trade union struggle and company director duties. "The representatives of the CFDT on the boards of directors will be spokesmen of CFDT policy and not administrators," fired off Georges Granger, secretary of the General Federation of Metallurgy, recently. The CGT answered him: "We do not want to be hostage-directors, and our representatives on boards of directors will indeed be full-fledged directors."

--The workshop councils plan: This is the CFDT's big demand. "In our opinion, workshop councils are the place for worker expression and decision-making concerning work organization and working conditions, but also concerning technological changes," maintains Mr Granger.

In sum, there still remain large shadowy areas. The rules of the game in the expanded public sector are far from being defined. By choosing to name P-DG's even before determining the code of their rights and duties, the Mauroy government seems to have given an extra chance to the "industrialists." But on Saturday, 27 February, at La Roche-sur-Yon, Pierre Mauroy pointed out there there was no question of shutting out the big plan for democracy in business.

Interview with Industry Ministry

Paris LE NOUVEL ECONOMISTE in French 8 Mar 82 pp 40-41

[*"Single Supervision and Sliding Plan," interview with Pierre Dreyfus, minister of industry, by Jacques Barraux; date and place not specified*]

[Excerpts] Champion of the clique of "industrialists," the minister of industry had his way in the first round of the nationalizations program. Pierre Dreyfus explains his positions on the issues of public sector organization and planning.

[Question] Are you satisfied with the conditions under which the nationalizations were accomplished?

[Answer] From the start I had one major concern: that the government be able to act quickly, in order not to overly disrupt the operation of the affected enterprises. Nothing is more dangerous for an industrial group than momentary interruption of its decisionmaking process. I admit having had some worries for the fall. But everything speeded up after the Constitutional Council's initial decision. Within 24 hours following their appointment, the five general administrators were already getting down to work. That unceremonious startup is going to arouse enthusiasm; I am certain of it.

[Question] The fact remains that for nearly a year the groups to which nationalization applies have been moving at a slower pace.

[Answer] Certain strategic decisions have in fact been put off until later. But the affected groups have not been moving at a slower pace for all that. All have kept up their consultation with government authorities. The CGE [General Electric Company] itself, even though run by an avowed opponent of nationalization, negotiated the Kabelmetal agreement (taking back cable operations from the world's number two manufacturer) in complete agreement with the departments of the Industry Ministry.

[Question] A new phenomenon in the history of nationalizations in France is that some public enterprises are going to find themselves in competition with other public enterprises in a number of markets. Does that seem natural to you?

[Answer] The problem of competition among nationalized groups arises in different ways according to sector. Where business is going badly, it is better to move toward sharing jobs and specialization. Where it is going well, competition among nationalized companies does not shock me in the least.

Let us take the case of steelmaking: there you have a sector which must make substantial efforts simply to regain a balance in its accounts. Recovery is going to mobilize very large sums. It would be absurd for our investment program to translate into an increase in the number of duplicated jobs in the machinery of production. To avoid this pitfall, I intend to name a coordinator with the job of discussing investment plans with Sacilor and Usinor. Our supervision will therefore be very much "present."

On the other hand, in electronics there might well be some blurred boundaries and, indeed, areas of open competition. We will not attempt to achieve their complete elimination. But there as well we will call for a minimum of coordination among expansion programs. The great number of markets in connection with electronics should ensure a place for everyone. The scope of investments to be authorized in each market argues for a certain distribution of work among Thomson, CGE, Matra and CII-Honeywell Bull.

[Question] That is a view which contradicts your assertions about the management autonomy of managers.

[Answer] I don't see how. I expect the managers to choose their main lines of growth themselves. They are currently beginning to work out their first multiyear plans. This is a stimulating exercise which should be finished by the end of the summer. Then it will be known what the groups want to do. Then consultation will be instituted with the state in its capacity as shareholder. The problems of coordination will definitely have to be tackled. The groups will or will not accept our suggestions. Our persuasive force will depend on the financial affluence of the group.

[Question] In short, prosperous groups will have more freedom to maneuver than groups unable to finance themselves.

[Answer] Just look at the basic chemistry. The state finds itself heading seven sick centers of gravity. How could it be imagined that Rhone-Poulenc, CDF-Chimie [French Coal Board Chemicals], ELF [French Gas and Lubricants]-Aquitaine, PUK [Pechiney-Ugine-Kuhlmann], EMC [Mining and Chemical Enterprise] or CFP [French Petroleum Company] could exhaust themselves in such dispersed structures of production? A regrouping is inevitable, with redistribution of tasks. We are waiting for the initial proposals.

[Question] Under the previous presidency, the state also used to intervene extensively in industrial restructurings. What does nationalization add to this?

[Answer] In drawing up the diagnosis for the new nationalized enterprises, we discovered that most of them found themselves butting up against a financial obstacle. At a time when international technological competition calls for enormous investments, the French giants risked having to withdraw. Nationalization guarantees them the boost of investment for expansion.

[Question] Who is going to handle the supervision of the nationalized enterprises?

[Answer] In the industrial area, there will be only a single supervisor: the Ministry of Industry. Of course, most of those enterprises maintain relations with ministries which are purchasers (for example, the Posts and Telegraph Ministry for Thomson and CGE), with the Research Ministry, the Planning Ministry or the Ministry of Economy. But supervision belongs to the Industry Ministry and to it alone. It does not seem advisable to organically separate the public sector and the private sector.

How will supervision be carried out? In the simplest way. When groups give us their multiyear plans, we will confer with their people in charge. Reference will be made to the issue of capital endowments or access to the financial market. We will express our views on how coherent the program presented is and on possible synergistic relationships with other public sector enterprises.

[Question] Do the enterprise plans to which you are referring follow the same rules as the standard plans of multinational firms?

[Answer] Very much so. Unlike the National Plan, enterprise plans are sliding plans, constantly revised according to market reactions. They are drafted with a pencil in one hand and an eraser in the other. I was able to observe, at the state-owned Renault Company, what very great reward one gets from a good enterprise plan structure. The plan is not only a basis for discussion with the state in its capacity as shareholder. It also provides the occasion for getting valuable experience acquired in the areas of wages, economic conditions, technology and so on relayed back to government authorities.

[Question] What will happen in the event of conflict between supervisory authority and the chairman of a nationalized enterprise?

[Answer] If he wants to stay in his job, a nationalized enterprise P-DG will not come into conflict with government authorities. He gives his explanations and tries to persuade.... That said, I will not be shocked at demonstrations of enterprise egoism. Our procedures seek to be pragmatic. We have chosen men of character as P-DG's. Occasionally difficult relations must be expected.

[Question] The Socialist government seems to have given up on taking control of Roussel-Uclaf. Does the agreement which has just been signed with Hoechst seek to be a lasting one? What logic does it follow?

[Answer] The agreement with Hoechst on Roussel-Uclaf is an extended cooperation agreement, which is classified as long term. The government has in no way given up on taking control of Roussel-Uclaf, in respect to which it is becoming comanager on an equal basis with Hoechst. However, as between a pure and simple nationalization, which would be translated into a weakening of the French firm because of the break in its close ties with the German group, and a strengthening of the synergistic relationships between the two companies, the government preferred the second solution.

Within Roussel-Uclaf, the state's representatives will be the guarantors of that enterprise's own interests being upheld and of the coordination of efforts necessary for a broad French policy on medicines. At the same time, maintaining membership in the Hoechst Group will guarantee essential advantages to the firm.

The agreement on Roussel-Uclaf is an open ended agreement, which will move into a second stage either concerning the equal shares in the enterprise's capital or regarding extended cooperation over the whole complex of Hoechst's activities in France.

[Question] What is the status of the negotiations with Honeywell and with ITT?

[Answer] They are being pursued, but we do not have any specific timetable. Our wish is to maintain an American "partnership" for CII-Honeywell Bull. On ITT's side, the negotiations are underway to set up long-lasting solutions with the American partner.

[Question] You play the advocate of enterprises while challenging state intervention methods. But do you feel you are always understood by your fellow ministers and by Socialist majority activists?

[Answer] I think I have always been understood by the French president and by the prime minister. The nationalizations underway are being carried out according to principles to which I am extremely devoted.

[Question] Are the organizational structures of the Ministry of Industry suitable, considering the new tasks falling to it?

[Answer] The civil service organization of the Industry Ministry already encompasses 5,000 people. Its organizational structures are sound. But we must strengthen regional management which is still too much lacking in human resources. The strengthening of our direct ties with enterprises must be done at the regional level.

9631
CSO: 3100/486

BUDGET DECISIONS PUT OFF TILL FALL; TAX CHANGES CONSIDERED

Paris LA LETTRE DES ECHOS in French 29 Mar 82 p 1

[Text] There is already a delay in preparing for the big economic meeting next fall: the budget. Despite the warnings of some ministers, including the prime minister, and some members of Parliament, the traditional timetable for drawing up the appropriations bill has not been kept up to now.

The months of September and October will witness a number of tax reforms--separate from "the" tax reform--to correct the new taxes and to find money to limit the budget deficit.

"A good tax is an old tax." In saying this Christian Pierret, chairman of the National Assembly's Finance Committee, is implicitly acknowledging that the tax on wealth has some negative effects. These negative impacts, which nobody dreamed of, are beginning to appear. The Elysee, in fact, seems totally aware of this, which could mean that some corrections will be made. For instance, the fact that deductions for plant and equipment benefit only shareholders who are directors of company has had unexpected consequences. Shareholders who hold a position on the board tend to keep their seats, which will not help lower the average age on boards of directors.

Moreover, a substantial increase in the number of requests for a seat on the board has not been observed, and some boards are likely to swell to the legal limit of 12 members. In addition, this provision could create difficulties for companies that have an executive committee (directoire) or a board of trustees whose members are not generally considered as directors. This type of corporation could as a result become quite rare.

Among the tax law changes to be enacted, elimination of the betterment tax figures prominently. As promised by Francois Mitterrand, dismantling of this low-yield tax will be completed in the fall.

The budget discussions will also be devoted to finding new revenues to limit the deficit. The Socialists are currently working on a project to align certain VAT [value-added tax] rates. This naturally involves an upward alignment, which at least will have the merit of making the regulations for this tax a little more consistent.

The tax exemption granted to companies' share reserves, which was already decreased to 50 percent last year, is expected to be completely abolished. Measures of this sort should bring in several billion francs--a considerable amount when you consider that amendments bringing in 500 million francs were regarded as exceptional just 2 or 3 years ago.

9805
CSO: 3100/596

MAUROY MEETS WITH UNION LEADERS, SEEN AS 'UNBENDING'

Paris LA LETTRE DES ECHOS in French 19 Apr 82 p 1

[Text] A return to a state of grace? These remarks, which were made by Pierre Mauroy's charts after the series of meetings with labor union leaders, took the latter by surprise.

In their comments, of course, both sides had stressed the cordial nature of the discussions. But everyone had said that, on basic points, the head of government was determined not to change an iota of his policy.

This is why a number of the labor delegates were tempted to compare him with Raymond Barre. Moreover, Pierre Mauroy's and Laurent Fabius' vigorous opposition to any overruns by the "spending" ministers reinforced this impression.

To give a specific example of the prime minister's stubbornness: the ordinance on retirement at 60 years of age. All labor leaders insisted on the need to apply this provision more flexibly, specifically by maintaining the income guarantee after 1 April 1983.

Nothing doing. Pierre Mauroy would not give in.

This is a perfect example of the limits of traditional policy. Although the income guarantee legally depends on an agreement between the partners in a company, it cannot exist without government approval. The same is true of agreements regarding complementary retirement systems.

However, we should not expect to see the government increase its share of financing of unemployment insurance. At most, it will directly assure responsibility for "marginally" unemployed workers, who come under welfare. It will therefore be the responsibility of employers and labor unions to work out jointly measures which, according to a labor union leader, will not please anyone. And these measures will in fact have been dictated to them by the government.

The same is true for the problem of the financial balance of the social security system, which seems to worry the prime minister's advisers more than the prime minister himself. The government may have to intervene by eliminating the "small risk" refund, despite two negative experiences in 1959 and 1967.

An old project to ensure equilibrium at the regional level is also being revived. Each regional fund would, according to this plan, fix its own rate for assessments and its own level of payments. This is an idea that was held by Jean-Marcel Jeanneney, minister of social affairs under General de Gaulle.

Finally, the Peskine report on social security financing proposes that contributions be adjusted on the basis of the number of persons insured. This would essentially entail assessing nonworking spouses.

It is hard to say what measures will be approved. But labor unions are beginning to worry that they are going to have "the screws put to them," to such a point that the amendment involving boards of directors will seem like only paltry compensation.

9805
CSO: 3100/596

ECONOMIC

FRANCE

BREIFS

COAL IMPORT MONOPOLY--The fight by the National Coal Board and some oil companies to put an end to the nearly total monopoly of the Technical Coal Import Association (ATIC) over coal imports seems to be developing in that organization's favor. However, just a short time ago it seemed as though the government was going to opt for a much more flexible purchasing scheme that would enable major consumers to buy supplies on the world market without going through ATIC. There has recently been a reversal in favor of ATIC, which apparently was successful in proving that coal can be purchased on more favorable terms if [outside] purchases are blocked.
[Paris LA LETTRE DES ECHOS in French 19 Apr 82 p 4] 9805

CSO: 3100/596

ERRATUM: The following is a corrected version of a translation originally published in JPRS 80961 of 2 June 1982, No. 1973 of this series.

CGIL'S MARIANETTI INTERVIEWED ON ECONOMIC DISPUTE

Rome L'UNITA in Italian 30 Apr 82 p 7

[Interview of Agostino Marianetti, assistant secretary general of the CGIL [Italian General Confederation of Labor] by Stefano Cingolani, of L'UNITA; date and place not given: "Marianetti: Why We Are At Loggerheads With the Government and the Confindustria [General Confederation of Italian Industry]]

[Text] A talk with the assistant secretary general of the CGIL.

The labor union, too, must weigh the political examination that is to start after the DC [Christian Democratic Party] congress. The subject of the confrontation: General strike for contracts.

Record unemployment, a big attack against the labor union in factories, pre-occupying signs of division among the workers, themselves. The labor union movement should deal a swift blow; instead it appears blocked. Contracts are at a standstill; the controversy with the government is bogged down. What can be done to end this deadlock?

Agostino Marianetti, assistant secretary general of the CGIL, has some proposals: a) the stimulus of a general strike of the categories concerned against the Confindustria is necessary in order to start contractual negotiations; b) with respect to the government, the labor union must be an explicit promoter of a turning point to the economic policy, by offering specific demands (a public investment package in basic sectors); c) and the labor union movement cannot, and must not, be cut off from the political examination that will start after the Christian Democratic Congress; on the contrary, it must move to see that the examination pertains to qualified subjects and that it will lead to a more suitable outcome in the matter of political balances."

[Question] Does not this step on the part of the labor union risk being a political constraint? According to Marianetti, to understand this one must carefully examine the developments of the relationship with the government.

[Answer] "There was a first stage, at the end of which we drew up a balance sheet. The general lines of the policy in defense of workers' income was acceptable; also severance pay and pensions. Even though there was not

complete agreement on some positions, a relationship that we consider constructive was developed with the government, which resulted in a positive contribution from the PCI [Italian Communist Party] in the parliamentary session. But we were very critical of the overall economic policy balance, especially with regard to employment."

[Question] Do you really think the forthcoming meetings can change the restrictive line of the economic policy?

[Answer] "I believe it would be of no use, least of all to the labor union, to go to these meetings as if to perform a rite and to infer that there is nothing more to be done. Instead, we must confront the next stage in very specific terms. We must find a core of measures to be implemented soon: in particular, a public investment maneuver in behalf of the revival, so that in the second half of the year there will be definite reversal of the economic cycle. In the government, itself, there are ministers like La Malfa or De Michelis who believe that in this stage support for production and employment must come from state investment policies."

[Question] Yes, but these general lines have remained on paper up to now. How do you think they can be put into practice?

[Answer] "It is a question of making investment resources available to the big public agencies that operate in strategic employment sectors (for example, telephone, energy, transportation) and the building industry, so that this will constitute a real flywheel for the revival of the economy and employment."

[Question] Where would these resources come from? From the state budget? Then, the public debt ceiling is to cave in?

[Answer] "This economic policy operation, which results in an immediate productive relapse, can also make possible a revision of the budget policy and of the limits of the deficit, within the framework of precise restraints in the matter of fiscal pressure, rates, and social expenditures. On the other hand, we see that some conditions are changing; for example, there is less inflationary pressure from abroad; the dynamics of internal prices are slackening; in short, it seems that there are some new elements that can be utilized."

[Question] But there are negative facts, too, according to some ministers. The barrier of the 50 trillion seems to have been overcome: in that case the maneuver that you propose would already be impossible.

[Answer] "If the figures that have been made known are correct, then Andreatta and the government must answer for them (all the more so since only recently what remains of the financial law was approved, including the ceiling); no one believes that public spending increases because of divine will and that the treasury minister has nothing to do with it. Or else we find ourselves once again confronted with public debt maneuvers and instruments. But what is even more serious is that there would be two

consequences from this: another discussion of tax collection, rate policy, and social services, violating the commitments made to us; and, in the second place, the nullification in advance of our proposal for economic revival."

Question So, the confrontation with the government is in a blind alley?

Answer I believe that at this point a summary political judgment should be made of how things have gone. I of course know that the labor union must always turn to collective and institutional interlocutors--thus, in this case, to the government as a whole. But it would be a flight from reality not to enter into the merits of the present political debate, from which we cannot alienate ourselves. I truly do not believe that I am exaggerating if I say that, during our entire confrontation with the government, this situation was pointed out. Some sectors, from the prime minister to the socialists, clearly showed their interest in a relationship with the labor union, even if not always in satisfactory or identical terms; another group always declared its opposition and tried to go in a different direction from the one that could have led to an understanding with us."

There Is Need of a "Dual Examination"

Question Is this second group the DC?

Answer "Ministers Andreatta and Marcora have been consistent in their arguments. As for the DC as a whole, it must be noted that secretary Piccoli has attacked Formica's hypothesis on the fiscal "drag"; strong criticisms have also been made of the plan to raise one of the many veils that cover banking secrecy. The papers are full of the differences between Andreatta and De Michelis or between Andreatta and La Malfa. Minister Marcora (who now seems to talk only at meetings of industrialists) has resumed his criticism of the fiscal policy negotiated with the labor union. These are all irrefutable facts."

Question In your opinion is there now an overall DC policy to cause trouble for a part of the government and the labor unions?

Answer "Not only that: the Confindustria is agitating against the labor union and against certain policies of the government, those that are closest to our demands. We cannot ignore this fact of the situation."

Question You outline this type of lineup: on one side, the DC and the Confindustria; on the other, the PSI [Italian Socialist Party] and the PRI [Italian Republican Party], closer to the labor movement. Do you not think that such a judgment can cause a division in party thinking? Would there not be a re-proposal thus of that drop in autonomy that already occurred on the occasion of the general strike last March?

Answer "I wish to specify that what I supported on that occasion was not due to my party positions. I did not take party orders, nor did I give orders

to anyone. Some divisive spectres were evoked by the socialist labor union, but they were completely unfounded. There have always been discussions concerning a general strike, and fortunately so, because in any case it is not a question of decisions to be taken lightly."

Question Returning to the present stage, you believe that the labor union must be included in the political examination that will take place after the DC congress. To say what?

Answer "I think that a dual examination should be made: with the labor union and the parties, which in turn cannot leave the labor movement out of consideration. The political confrontation cannot be carried out only on the plane of the balances between the parties, although that is important. The substance, the economic-social problems, the relationship with the labor union, in other terms the start of a reform process, no longer postponable, that has to do with the economy, institutions, the state--this must be the basic subject of the examination.

Question But to open what political prospect?

Answer "The Spadolini government emerged when there was a stormy horizon and a limited program that does not cover a complete legislature. It is now a question or redefining a more comprehensive program around which to open the confrontation among the parties: it is not possible for the coalitions to survive their programs. In short, it is necessary to reply to two questions: how can today's differences be solved and how can some basic programmatic elements be developed that will raise the tone of the government's substance with respect to the low profile of this most recent period? This can again set the political situation in motion, on the basis also of the new resources that may emerge once the ground and the substance of the programmatic action are correctly specified. Otherwise we would fall into the perverse logic, according to which there would be immutable political balances within which programmatic action would be limited. Instead, I believe that it is necessary to begin with the indispensable programs and that they should be the basis for the quest for the necessary political balances."

Question Up to what point should this examination be pushed? Early elections?

Answer If possible, the elections must be avoided, but I believe that this risk must not be used in order to petrify a precarious and blocked situation like the present one. Political elections must be avoided, but to the extent possible, necessary changes and shifts must be realized."

Question Which new political balances can be attained, only the office of prime minister to Craxi?

Answer "Naturally I have my own opinions concerning the development of a political administration. I think that there should be a broad reformer array, with leftist forces as the basic nucleus. In the meantime a search should be started for a convergence with regard to the substance of the

reformer process, beginning with the newest things in this most recent stage which, in the matter of principles, has seen a shift in PCI relations with the USSR; and, on the political plane, the economic policy proposals of the PCI and the socialist elaboration of Rimini. But, for now I note the existing signals: a disposition on the part of the PCI to constructively consider the possibility of a new government; an attempt on the part of lay forces to give a signal, even through a socialist leadership of the government; the possibility that this present government will redefine its program and structure. They are all possibilities that could activate the political picture again."

Question7 And how do you think that the relations with Confindustria that have been cut off can be restored?

Answer7 The Confindustria, too, at least in its official summits, engages in politics; even though it causes strong contradictions, like the breaking away of some of its greatest exponents. The Confindustria attacks not only us, refusing to discuss contractual platforms, but also attacks the government whenever it shows an opening toward the labor union (this is the case with the contractual renewals for public employment). We never thought that the contracts would have to be discussed again after the vacation period. And at this point the patience that we have shown up to now is giving out. This is why I believe that the moment has come to organize a general fight by all categories of industry and agriculture with the objective of opening negotiations at their natural levels, that is, without any comprehensive negotiation."

8255
CSO: 3104/201

DOUBTS EXPRESSED ON GRADUAL DEMOCRATIZATION OF THE REGIME

Athens OIKONOMIKOS TAKHYDROMON in Greek No 15 (1458) 15 Apr 82 pp 14-16

[Article by Giorgos Kyrtos]

[Excerpts] The military regime imposed on Turkey in September 1980, was a consequence of a general crisis. Turkish parliamentary institutions had been paralyzed because of their "sinful" behavior; the ideological and political confrontation was often bloody; the social contrasts were increasing at an astonishing pace; the suppression of minorities and especially of that of the Kurds, provoked a dynamic reaction; and, the economy was heading with mathematical accuracy towards complete bankruptcy. International conditions also came to help the plans of Turkey's future dictators. The fall of the monarchy in Iran had deprived the U.S. and the West in general, of an ally of great economic and military power. Turkey's strategic importance underlined the need for a stabilization of the regime within the framework of the alliance.

Most Western governments received with relief the news that the remnants of parliamentarism in Turkey had been abolished and that a military regime had been imposed on Ankara. A great segment of the Turkish people adapted to the new conditions because they could not see any other way out of the chaotic situation. The military stressed that they did not aim at taking over power permanently; they said they wanted only to bring about an improvement in the country's general condition so that Turkey could develop on the foundations of Kemal's principles. In other words, the intervention by the military had been described as "corrective"--similar to the interventions of May 1960 and of March 1970.

One of the basic arguments developed to justify the coup d' etat was the economic failure of all--without any exception--the previous political governments. In an effort to secure the cooperation or at least the tolerance of part of the population, the propaganda machinery used with dexterity the perspectives for economic stabilization and for economic development at a later stage.

Economic Failure

The consequences of the economic crisis evidence in the 1970s had been terrible for Turkey. The economic crisis brought to the open all the weaknesses of the development model described as regional capitalism.

First Results

It is still early to judge the results of General Evren's government economic policies in their entirety. Despite the announced timetables for an alleged return to parliamentarism, only few doubt that unless something unexpected happens, the military will continue to "pull the strings" for quite a few more years in Turkey.

The banning of strikes and the economic aid from countries of OECD have allowed the immediate development of part of the country's productive potential that was remaining latent. Industrial production has started increasing since the end of 1980. The continuous gradual devaluations of currency led to some increased international competitiveness of the Turkish economy. The abolition of trade-union rights and the government fixing of pay increases left most of the working people exposed to the consequences of inflation. However, price increases have been curbed. The results for 1980 were generally disappointing, however, Turkey's Gross National Product decreased by 0.5 percent; industrial production fell by 5.2 percent; and, productive investments decreased by 6.1 percent. The deficit in the balance of current exchanges has again reached the 3 billion-dollar level. A positive development was the curtailment of inflation to a 40-50 percent level.

Future Prospects

The regime's first relative success strengthened its conviction that its policies were correct. The 1982 budget is founded on a prediction that Turkey's Gross National Product will increase by 4 percent and that inflation will go down to 25 percent, while expenditures will increase by only 33 percent--6 percent less than the current rate of inflation. Turkish government officials have assured the IMF that a strict monetary policy will be followed. There is, however, an immediate danger that unemployment may increase. Some estimates put the unemployment rate to already 21 percent of the economically active population. With a demographic increase of 2.3 percent per annum, Turkey needs a development rate of 4-5 percent to avoid deterioration of its problems. Turgut Ozal relies on foreign investments to bring the development rate to the 6-7 percent level by 1983.

Noteworthy is the decrease of military expenditures in Turkey from 21.2 percent to 19.6 percent of the total expenditures. The goals have remained the same: the military industry is developing rapidly; but, it appears that the burden is becoming increasingly unbearable. There is also a possibility of increased foreign military aid.

The economic plan has started encountering its first obstacles of political nature. Internally, the resistance forces continue to suffer the crushing blows of the oppressing machinery. Abroad, however, the first coordinated moves against the regime have started being organized. The governments of Denmark and Norway "froze" their economic aid to Turkey; the EEC repealed the application of a 650 million-dollar level financing protocol.

Despite the hesitation shown by many governments and EEC circles it is a question of time until the EEC and the Council of Europe repeat the processes

that prevailed in the case of the Greek dictatorship. Despite the warnings that the international situation is undergoing a crisis, and despite the timetables of Yarouzelski and others, it is obvious that we have to deal with a despondent dictatorship which under the best of circumstances would create a controlled parliamentarism that would leave no room for criticism, substantive opposition, and syndicalist activity. The first protests have been also heard in the U.S., when the Reagan administration decided to double U.S. annual economic, military aid to Turkey to \$819-million in 1982. Opposing views make cooperation within OECD difficult. Last May, 17 country-members led by the U.S. and West Germany granted Turkey 1 billion dollars in economic aid.

Economic and political reasons delayed this year the opening of aid negotiations. Opposition by certain government will not stop Turkey from obtaining from Western banks the capital it needs. This would mean, however, that Turkey would have to obtain loans under prevailing market conditions. For the first time since 1977, Turkey has concluded considerable new loans abroad.

No bright future is foreseen for Turkey's new economic program. However, its inspirers are not faced with immediate failure. The social, political contrasts it is creating are such that a gradual change from dictatorship to democracy is precluded.

8193
CSO: 4621/334

BUSINESSMEN DISCUSS FUTURE OF ECONOMIC COOPERATION WITH LIBYA

Istanbul DUNYA in Turkish 7 May 82 pp 7,8

[Panel discussion among Pamuk Bank officer Ibrahim Betil, Tefa Construction Company officer Fatih Saracoglu, Ram Foreign Trade Company Director Ibrahim Yazici, Okumus Holding Board Chairman Mehmet Okumus, and Marti Maritime Shipping Director Levent Karacelik, moderated by DUNYA's Tulin Gursel; date not given]

[Text] Since the 24 January decisions, important developments have been noted in foreign trade as a consequence of the changes in our economy.

One must admit that the rapid increase in our overall trade of foreign trade with the Arab countries, in particular, in 1981 is one of the most important economic developments of recent years.

In this connection, Libya's recent crisis in foreign payments had led to an intensification of various rumors among the public, true.

According to certain circles, also, Libya is a rather limited market. Its income per capita shot up quickly because of oil exports. As a result it became a big market for infrastructure, housing and durable consumer goods. However, will it remain an important export market for us once the Libyan people have fulfilled their needs in these areas, particularly their infrastructure and housing needs? As the question comes up at every opportunity, DUNYA arranged an open forum on Libya.

Sitting on our panel are Ibrahim Betil, deputy general director of Pamuk Bank which conducts extensive business with Libya; Fatih Saracoglu, vice president of the board of administration of Tefa Construction Contracting and Trade, Inc.; Mehmet Okumus, chairman of the board of administration of Okumus Holding; Ibrahim Yazici, general director of Ram Foreign Trade, Inc.; and Levent Karacelik, general director of Marti Maritime

Shipping. These men voice their views on the timely problems of the past and their expectations for the future.

[Question] Mr Betil, to what would you attribute the export boom with Libya in 1981?

Betil: Turkey's exports were booming generally in 1981. The fact that the January 1980 decisions were able to be applied more easily as of September 1980, shrinking demand on the domestic market and the important subsidies and incentives for export are the major causes of this. In addition, our exports increased in the main with countries which did not put a premium on quality in the import of products from certain new and inexperienced Turkish industrialists and which might be considered quite new for export. Another important factor in the explosion of exports is the "endorsement concept," which I call the "psychological factor." There are quite a lot of people in Turkey today who anxiously await the country's monthly export of foreign exchange input "endorsement." Since the "endorsement" does not always express profitability, I do not favor overemphasis of the "psychological factor."

[Question] Mr Yazici, would you explain, please, the cause of the growth in our exports to Libya?

Yazici: Since 1979, the governments have adopted the centuries-long friendship of the Turkish and Libyan people. [Representatives of] the Libyan state came to Turkey numerous times talking of "Doing Business" if the Turks would give their buyers suitable prices. It is thanks to this that Turkey's Libyan exports, which were \$83 million in 1980, increased five-fold in 1981, exceeding \$400 million.

[Question] Mr Saracoglu, does Libya hold any special importance for Turkey among the Arab nations, I wonder?

Saracoglu: In fact, Libya does have great importance for Turkey among the Arab nations. This importance is further intensified by its rank in our total foreign trade, 70 percent of contracting jobs and 10 percent of overall exports. It is seen that there was a very high growth in 1981 and that our ties in both sectors may reach even greater proportions in future years. Its principal importance is that Libya, accepting Turkey as a friend and brother nation, has acted on this principle in its relation with Turkey, showing a special affinity for Turkish merchants and contractors and for this reason taking without hesitation our products as yet untried and unknown on the international platform. This has given us references and experience that have opened many new nations and markets to us. We are happy also to have achieved the same positive results in contracting matters. Turkish contractors, using their experience in Libya as a reference, are now bidding on and winning many contracts where we were completely unknown and, one must admit, would not even have had the courage to bid as contractors until yesterday.

[Question] It cannot be said that we have any great parallelism with Libya in international policy. Mr Betil, to what would you say we owe this cordiality?

Betil: We may not have any great parallelism with Libya in international policy, but there is no rule saying "friends" have to agree in every particular. We owe our cordiality with Libya to the decisions by the Turkish and Libyan government authorities to increase economic cooperation between the two nations.

[Question] Mr Okumus, what do you think we sell the most of to Libya?

Okumus: Let us just say immediately we export vegetable products to Libya, our traditional agricultural products. Total exports in 1981 of our products such as cereal grains, legumes, dried fruit, sesame, etc. ran around \$40 million, I think. It would also be appropriate to mention olive oil in this connection. The foreign exchange earned from the export of olive oil approximates that earned from the export of vegetable products. I think cement, clinker, marble and onyx were also important. I know for sure that the largest part of our exports to Libya consists of "textiles and textile-based products," which account for 30 percent of exports in general. I believe that iron-steel and aluminum items have at least as much a share of exports as our traditional products. Though a wide range of goods is exported, I think those I have named above are the most important.

[Question] Mr Yazici, what is your best seller to Libya?

Yazici: Our company is an exporting capital company. Since we are quite familiar with the Libyan market, we sell a wide variety of goods there, from ovens to meat.

[Question] Mr Betil, would you give an example of the goods exported to Libya through your bank?

Betil: It is more meaningful to me that types of goods not frequently found on the export lists in past years should have been exported through our bank, such as escalators, plastic and melamine dishes, bathroom vanities, saucepans, beehives and construction shovels, in addition to our traditional textile products and foodstuffs.

[Question] Mr Karacelik, do you encounter any significant problems in shipping goods exported to Libya?

Karacelik: There are not any particularly overwhelming problems in shipping and transport to Libya. Shipping to Libya is more expensive than to other Mediterranean countries, but this is a problem for the consignor, not the carrier.

[Question] Would you enlarge on that a little, please?

Karacelik: The high cost of shipping to Libya stems from the lengthy waiting period at this nation's ports, high port fees and extra wages and benefits paid to personnel on ships which come to Libya owing to the long wait. In 1981, 100 percent of the Turkish coastal freighters worked Libya for the large part of the year. But there are not very many coasters and arriving

ships cannot make quick turn-arounds from Libya, so what happened in the shipping to Libya which is done by Turkish coasters was we could not get enough ships on time. This, of course, played a role in raising freight costs.

As seen, the difficulties encountered as a carrier in shipping by Turkish bottoms to Libya are difficulties of a sort that might be seen in any other country in the world, difficulties for which the consignors pay the bill and about which the carrier cannot complain as long as they pay the bill. If the Turkish firms as consignors took measures to reduce the wait by setting up the necessary organizations in Libya, they would free themselves of high extra costs.

[Question] You will agree that the most important problem on the agenda is the consequences for us of Libya's crisis in foreign payments in recent months. Mr Okumus, are our export transfers proceeding smoothly?

Okumus: I do not agree that there is this kind of crisis. Libya has some problems associated with a period of adaptation. I think it would be a little unfair to describe the delays occurring in payments because of these problems as a "crisis." Our trade with Libya took a great leap forward in the past year. It is only natural that certain snags would crop up when this many and this wide a variety of goods suddenly enter an economy. We strongly believe that they will soon be smoothed out. I do not think, speaking for the company, that we have a problem in this regard. In fact, Turkish-Libyan delegations met in the latter part of April to discuss the outstanding problems and took significant steps toward solving them.

[Question] Mr Betil, would you assess Libya's payment difficulties as they pertain to us?

Betil: The significant drop in oil revenues during the past year has caused Libya some payment difficulties recently. Fits and starts of this kind are natural from time to time in foreign trade as well as in domestic trade. Turkey had similar, indeed perhaps even more serious, payment difficulties in the very recent past. Just as there were nations at that time which were understanding of our situation and were helpful to us, there were also some which wanted to sever relations and no longer do business with us. Now after 2 or 3 years, we are all seeing how those which could not get away from the Turkish market fast enough at that time are trying to come back. Libya and Turkey have many things in common. Today it is we who have to be understanding of Libya's difficulties. Deeply rooted relations cannot depend on short-term interests. If we choose to strengthen these relations in the long run, then it is necessary that we seek solutions to the problems from this standpoint. Besides, if a survey were taken among those exporting to Libya and those doing contracting work in Libya, I think a significant majority would vote to "continue doing business with Libya."

[Question] Mr Saracoglu, would you say the bills are being paid on time?

Saracoglu: Let me thank you for giving us the opportunity to shed some light on a topic which, in fact, has become a timely one for our country recently. I do not believe that Libya has had, as you suggested, a crisis in foreign payments in recent months. It is true that some bills due since the end of 1981 are outstanding. However, we know from our years of experience in Libya, that the budget is closed in this country from the end of the year until April because of its fiscal year. No payments can be made. Firms usually know about this dead time and take measures beforehand to see them through it without harm. The situation was no different this year. And payments started being made at the first of April.

[Question] Mr Betil, would you as a banker give us your views on the matter of our export transfers?

Betil: As a bank in close contact with Libyans banks, I would like to tell you this: There is constant talk at the moment of Libya's payment difficulties and so forth. I would like to say that the Libyan banks which have accounts with us have always kept a positive balance in their accounts to date and also their present dollar accounts in our bank are at the highest level of the past 7 months. It seems to me that the problems, whether involving payments or other matters, also have a little to do with bureaucratic procedures.

[Question] Would you go into that a little further, please?

Betil: Certainly. Vis-a-vis Libya's 3 million population, nearly 100 Turkish contractors are working there. This would be like having 1,500 contractors from Germany, France or some other country working in Turkey. Consider for a moment this many foreigners trying to solve problems within our bureaucracy. We complain that we have to wait too long at Libyan ports. That may be; it takes time in a climate of suddenly developing relations to adapt to the influx-related problems. Were we able in a moment's time to adapt to the accumulations at our ports as a result of the transit trade through our country owing to the Iraq-Iran war? We must ask those who complain about Libya's bureaucracy whether they have worked in Turkey before. Actually, our getting this upset over payment delays is grounded to an extent in Turkey's own special situation. Turkey, which 3 years ago was dependent on \$1 million it was to get from Luxembourg, cannot of course be expected to finance another country so soon. Moreover, Libya is a country which despite a population of only 3 million has an absolute foreign exchange input in excess of Turkey's. That is, we are a little upset at what looks like a have-not helping a have. I believe the Libyan authorities will duly appreciate at what sacrifice we are being understanding at this time.

[Question] It is being said that no demand for new jobs is coming from Libya and that jobs involving letters of guarantee have completely stopped. Mr Saracoglu, is this in fact happening?

Saracoglu: There is something of a crisis in all of the oil producing countries. There is an oil glut owing to declining oil demand on the world

markets. This glut naturally has forced the countries to cut production and the result is that their revenues are less than previously planned. They have had to cut back on investments in their new budgets. Belonging to this community, Libya naturally will adjust to existing conditions in the new year and cut back on investments of secondary importance. The one thing that is gratifying to us in this climate is that Libya is taking an extremely positive approach to these cuts so as not to let them reflect on Turkish firms. The Libyan minister (secretary) of agriculture, Mr Abu Azyd Durdah, said this himself when he visited our country recently.

[Question] Now I would like to spend a few minutes discussing the payment for goods with oil, barter, if you will. As known, we buy oil from Libya at OPEC prices and market it at the spot price. Mr Betil, what is the difference between the OPEC price and the spot market and I wonder who ultimately pays this difference?

Betil: Trade is not a uniform process. It is like a living organism. If it were always a case of "You pays your money and you takes your choice," there would be no other form of payment than cash. Forms of accounting such as payment by note, time checks and current accounts arose as conditions required. The conduct of business requires innovation and adaptability. If cash payments are impossible today, it is necessary to activate the alternative of payment in kind. If Turkey is expanding its foreign market at a rate between 25 percent and 60 percent per year while world nations are developing their exports at 10 percent per year, it means that "we are getting a jump" on some of their markets. To keep this "jump" we will have to abandon when necessary the classic concept of "cash and carry." We will march in quick-step with changing conditions.

[Question] Wouldn't you say this will be an extra inconvenience for our economy?

Betil: I do not want to go into the difficulties or conditions this will introduce on the domestic market now. But the competitive conditions of the foreign market require it. Oil is bought at the OPEC price and sold at the spot price. Before I ask how the loss incurred will be covered, let me ask how you figure the loss account. If I sell goods and consent to wait 6 or 7 months for payment, I may also be willing to make a 10 percent-15 percent discount if I know I am going to get cash or even if I know I will get an advance. So the loss is covered.

[Question] I think Mr Saracoglu wanted to add something on the subject of payment in oil. Go ahead, sir.

Saracoglu: It is extremely important to be very sensitive in our relations with Libya, whose share in Turkey's contracting services abroad is as big as \$7 billion-\$8 billion, that we be responsive at this time when the country expects a response from us. Many nations, wishing to take advantage of the circumstances in which Libya finds itself, have responded and gone ahead with large new contracts accepting oil instead of foreign exchange. Korea, Italy and Greece, for example, have concluded contracts and begun to receive oil.

Many new discussion sessions are still in progress. Libya, whose oil production is more or less known, will obviously soon reach its limit with these contracts. We, as a nation, have to begin talks and conclude contracts without further delay in order to take maximum advantage of this possibility. We, as a firm, have concluded a preliminary contract worth \$210 million in exchange for oil. The difference between OPEC prices and spot prices is not in fact very large. Moreover, there are various ways in which this difference may be reduced to a minimum or even closed.

[Question] But one question comes up in this context, I think, because Libya's oil has a high paraffin content. It is said that many homes found it difficult to get fuel oil last winter because the high-paraffin petroleum cannot be processed in sufficient amounts in our country. How can we justify raising the 2.5 million tons of Libyan oil that Turkey imports to 4 million tons in order to keep exports moving?

Mr Betil, let me ask your views on this.

Betil: Libyan oil is the most highly prized and the highest priced oil on the world market. All goods come in various types. Libya produces at least four different kinds of oil. Some of it is without paraffin, some of it is not. Suffice it to say we will decide what we buy. While holding talks on behalf of our bank 2 months ago with the Libyan petroleum secretariat and the Brega [as published] petroleum company, the first thing they asked me was "What kind do you want?"

[Question] Mr Saracoglu, what do you think about increasing the amount of oil we import from Libya?

Saracoglu: Raising our oil imports from Libya from 2.2 million tons to 4 million tons is a positive response. Libya imports on a large scale from Turkey and awards its contracts on a large scale to Turkish firms, and it is justified in asking Turkey to satisfy a large part of its oil needs from Libya. This additional oil purchase is important in showing Turkey's responsiveness.

[Question] Mr Yazici, does the Turkish government have a specific policy on delayed payments? Is it adequate in your opinion?

Yazici: Seller-to-buyer credit is a prime rule of commerce everywhere in the world, including the home marketplace. Even though the practice actually exists in our exports, we must admit that export interest rates in excess of 30 percent preclude the practice of it. It must not be forgotten that the Western world is our biggest competitor in the Arab world. These countries are making it possible for exporting firms to get quick credit at 6 percent and 8 percent annual interest.

[Question] Mr Betil, what is your assessment of the measures the government is taking?

Betil: As regards delayed payments, the Turkish government has decided to pay the exporters, through Central Bank channels, the money owed them by Libya and

has begun making the payments. Dissatisfaction is out of the question since the exporters are not victimized by this system. But some banks which finance Libyan exports may complain about the delays in their foreign exchange receipts. Our bank has an extensive business relationship with Libya and such a complaint is definitely out of the question for us.

[Question] Mr Saracoglu, as an officer of a company doing contracting work with Libya, do you find the Government's measures on delayed payments adequate?

Saracoglu: Our government, as in the past, is still behind the Turkish contractor and exporter now and is still their biggest mainstay. But it may not be possible for the contractors' problems to be resolved as quickly as the exporters'. We have almost 100,000 workers in Libya and more than 100 contracting firms, and it will not be easy for them to iron out the snags by themselves. The problems can easily assume dimensions beyond the ability of the firms to handle them. This is why we are at a point where as contractors we are in greatest need of the support of our state.

[Question] Mr Karacelik, it is said to be very difficult to unload at the ports. Is it a question of too many goods for the ports to handle, I wonder, or is there some other reason for the difficulties?

Karacelik: The ports are overloaded. For example, we at Marti Maritime Shipping made a total of 58 trips to Libya in 1981. This is roughly five ships a month. As I said before, almost 100 percent of Turkish bottoms carried goods to Libya for a large part of the year. Adding to this ships arriving from Italy, France, Spain, Romania and the continent and cement ships bringing in excess of 2 million tons, there suddenly began to be 10 to 15 ships at each port on the same day. Complicating this was the low capacity of the ports, slow labor, time-consuming bureaucratic procedures and a shortage of trucks, all of which sometimes pushed the waiting period to as much as 3 or 4 months.

[Question] Is Libya solely responsible for this?

Karacelik: The longer than normal wait for Turkish ships was caused in large part, unfortunately, by the inability to complete on time the formalities absolutely required at the Libyan ports either because the consignor and carrier did not know about them or most Turkish ships lacked adequate means of communication. Those of our exporters who opened private communications lines and established organizations in Libya were able to reduce the long waits to a minimum. The representatives in Libya of our exporters were able to get a ship in to dock immediately through a blend of a little close observation, a little personal consideration and full compliance of the ship with docking formalities (such as reporting the manifesto 4 days in advance by TELEX and reporting the date and estimated time of arrival of the ship).

[Question] Mr Okumus, is it likely, in your opinion, that we will encounter similar problems in our commerce with the Arab nations?

Okumus: Problems of this kind may arise at first in our commercial relations with other Arab nations. But one must consider them natural, because this type of minor problems has always existed, even in domestic trade. The more the economies respond to one another and the better the firms get to know each other, the more this kind of problem will be reduced.

[Question] Mr Saracoglu, do you share Mr Okumus' views?

Saracoglu: Certainly similar problems may arise in other Arab countries. But we can easily get on top of these problems through the cooperation of our contractors, our merchants and our government. I believe that the problems of our young Turkish economy may be resolved in large part by rapid development of the progress already begun in opening to the outside, initiated only in recent years, and by its taking the place it deserves on the international platform.

[Question] We know Libya is a limited market, because its population is only about 3 million. Its per capita income shot up very quickly because of the oil boom. As a consequence, it became a big market for infrastructure, housing and durable consumer goods. However, will it remain an important export market for us once the Libyan people have fulfilled their needs in these areas, particularly in their infrastructure and housing needs?

Yazici: Actually, Libya's population is not quite 3 million. A country with this small a population buys all kinds of things.

They have accepted politically that their country and the nations whose production is very limited and which are also Libya's adherents should help each other. For this reason, their purchases and imports are not for themselves alone but are also intended for aid to the adherent countries. Certainly they will be affected a little by the oil crisis in 1982, but they will always retain their importance for Turkey in the years ahead. They will always be an important market for Turkey.

[Question] If Libya, with its population of 3 million souls, increases its oil income further in the next few years, won't the Libyan people then turn more to luxury goods and technologies not produced in Turkey or want to use the capital formed by their oil revenues to invest in other countries?

Yazici: You say that in the future when Libya gets rich or greatly increases its oil revenues, it may turn more to luxury goods.

By that time Turkey may have begun production of these luxury goods it does not produce today and the export of them to Libya.

[Question] Mr Saracoglu, the housing and infrastructure requirements of a country whose population is smaller than Istanbul's will be fulfilled after a while. How will the Turkish contractors pursue their activities in Libya at that time?

Saracoglu: Perhaps you are right as regards contract work. That is, Libya's retaining this potential for many, many years is out of the question. The

country's population and needs are known. After housing and infrastructure reach the saturation point, perhaps projects oriented to industry rather than infrastructure will gain importance in Libya. And I believe that these projects will slowly gain importance as of this year, because they stress light industry and, later on, heavy industry. Industrial projects will take the place of infrastructure projects in a few years and I think this potential will last for some 8 years or so. What is of basic importance now is not how long the Libyan market will last but how far we can go because of the Libyan market or by branching out from the Libyan market. One must admit that Libya was an easy market for us to start with, it was an easy market both for contracting firms and our exports. We did not go to Libya as international contractors. We went to Libya on the basis of agreements between the two nations, taking advantage of mutual assistance and the friendship treaty. But by proving himself in Libya, the Turkish contractor is now able to use Libya as a stepping-stone and, benefitting from the experience gained there, to branch out to many other countries, all the Middle East countries and perhaps Africa and the Far East tomorrow. Therefore, rather than thinking of the Libyan market slamming shut and seeing Libyan potential as limited, we must first give Libya the best service we can, and the first steps will have been taken enabling us to make the most of our experience there to branch out to many other nations, to all the world's nations.

[Question] Mr Okumus, is there a market in Libya that you have been unable to break into so far?

Okumus: There is nothing in the world that does not have a saturation point. Everything reaches a saturation point, but new opportunities arise. For example, a country to which we export "x" goods may begin producing those goods itself. But that is not to say that our relations with Libya will end.

The construction sector in Libya may cease, housing construction may cease, but what will happen is that factory construction will begin, agricultural construction will begin, roads will begin, but our construction sector with Libya will not come to naught at all. Technical cooperation will begin in industry and agriculture. Exportation may end or specific exports may continue at a specific rate, but we and Libya are two friends which will be able to export and import for the mutual interest of both.

But it would be wrong to see Libya within a given time period or given periods of time and think there would be nothing afterwards. Barring a third world war or an economic crisis, our bilateral relations will continue with any country, at any time.

[Question] Mr Okumus, what are our chances with textiles in Libya?

Okumus: Our chances in textile products are not just in Libya, but world-wide. We are everywhere, Turkey is not a negligible market. America not only produces, but also imports and exports. When they start producing themselves in Libya, there is nothing to say that importation will stop. Or that exportation will stop. Perhaps they will send us certain things and we will send them certain things.

[Question] How much of a market do we have in Libya for durable consumer goods? Mr Yazici, would you answer that?

Yazici: Our market is excellent. We must admit one thing about Libya.

One thing about Libya is that it is an Arab socialist state. Naturally it is easier for us to sell to these states, because you are dealing with a single buyer and his agents. Sales are easier when dealing with one or two buyers rather than a jumble of 30 or 40.

[Question] Mr Okumus, in long-term export strategy, is it not necessary for Turkey to concentrate on Europe, a large and stable market?

Okumus: The goal for us is Europe, Russia, everywhere; it is not necessary to switch goals.

[Question] Fine. What do you think, Mr Betil?

Betil: It is necessary, in my opinion, for us to take something of a broader and longer-term view towards relations whether with Libya, the Arab nations or the Islamic nations. This is perhaps at the same time an economic preference as much as a political preference. I do not sufficiently understand why certain circles in Turkey always get so upset over Libya in particular (as it is Libya that that always comes up) and I cannot explain it.

Libya is in fact a matter of political and economic choice. My view is that Turkey should look to the Islamic nations within the framework of longer-term cooperation. I believe this.

The Arab world will reach the saturation point at which we would leave Libya. Will we go to Saudi Arabia? What is its population? Will we go to Kuwait? What is its population? In other words, if it is a question of a saturation point, that happens everywhere.

But technology advances. Turkey's industry is not to be belittled. Turkey has the potential to create alternatives as regards their reaching a saturation point. I know that one of our industrialists who began selling to Libya a year ago has received a proposal at the end of a 1-year relationship to build a factory to produce the same goods there. We see companies having certain difficulties on the market for the present. Are they not creating alternatives? They leave that area of production and move on to something else or they leave that customer and work with another. They find alternatives and stay in business. I see nothing to prevent the solution of problems if they are looked at over the long run and if it is believed as regards Libya that in fact we should move ahead with confidence and continue to promote cooperation. The existing problems are temporary, matters which every country experiences in its economic life, as we did in the very recent past. We are being a little hasty, a little panicky, because we are in a period of overcoming these difficulties. Therefore, the problems do not stem from Libya alone, but also a little from ourselves.

[Question] Mr Saracoglu, do you agree with Mr Betil?

Saracoglu: I agree one hundred percent. In fact, I believe that the attempt to give substance to reports in Turkey recently about Libya's being a limited market and that we should not have long-term expectations from Libya has roots in some other causes. We definitely do not think this way. Libya is now a very good market for our exports, our contracting sector and our industry. I am not saying it will continue forever, but certainly for some time to come. I definitely do not believe that the Libyan market can now be closed or that Libya is a country that holds only short-term possibilities for us.

[Question] Mr Yazici, as the European countries' share of our exports gradually declines, the Arab countries share is increasing. How does this look to you?

Yazici: Actually, one cannot agree that the European countries' share has declined. It is just that in Turkey's 1980-1981 export spurt, their share was not greater than the spurt, so to speak.

[Question] Why not, sir? When you enter the European market, it is a strong and durable market, and once there, is it not unlikely that you would pull out again?

Yazici: When selling to a European country, you are competing with the goods of the country in addition to your c.i.f. price including customs duties. For example, if you are selling something to Germany, the German customer compares your goods with their c.i.f. and customs to Greek goods. Now when you sell something to Germany and compare it with Greece, Greece is closer to Europe and has an advantage in its proximity.

It has an advantage as to freight costs. Second, it has a clearer advantage in having its own ships, its fleet is stronger. Third, its greatest advantage is that Turkey's goods have customs duties, whereas Greek goods enter the same market customs-free. Now, perhaps as f.o.b., when you compare the Greek f.o.b. price and the Turkish f.o.b. price, f.o.b. is perhaps favorable to you, but when you compare your goods as c.i.f. to Germany, you lose. Greece's goods are cheaper than yours as c.i.f. Actually, it is necessary to evaluate markets in this way. What are our advantages in which markets? And when we direct business to the Middle Eastern markets, you get some of the advantages I was just talking about as to freight costs. At least you are not at a disadvantage in customs duties. You start out a little ahead because you have a little of a shipping advantage.

Therefore when you look at the Middle Eastern and European markets, it is necessary to pay close attention to these customs and shipping situations. Now, let us get to your question: Why was Turkey unable to sell to Europe?

Europe was having a recession in 1981, and it is worse now. The Turkish exporter had the problem of finding a buyer quickly. On the other hand, he was under strain on the home market and, actually, once you start the ball rolling, it takes the course of least resistance. And that is what the

Turkish exporter did from the first. He turned to markets where he could get large orders, where he was not at a disadvantage and where he could get quicker results. This was the Middle Eastern markets. But I would agree that in the years ahead Turkey will give as much importance to the European markets as it has to the Middle Eastern markets.

[Question] I think Mr Okumus wanted to add something about this.

Okumus: Many firms in Europe used to import various Turkish products to Europe first and then re-export them to Middle Eastern countries. They exported to America and Africa. However, we have been making a concentrated effort in this regard for 2 years. We have now reached the point to be able to market our own products. We are now in a position to eliminate the middleman. We are now marketing our own products with the ultimate buyer. This is why we did a lot of business with the Arab countries in the Middle East, because they are good customers. This was the biggest factor in the reduction of exports to European countries. God willing, we will do our own marketing of our products from now on as Turkish exporters and industrialists, using no other middleman.

[Question] Mr Yazici, do you share the view that by entering the Libyan market, Turkish goods and Turkish contracting services found a place in the other Arab nations?

Yazici: I would like to give an example of this: We first began exporting meat to Libya early in 1981. We went to Algeria 5 months later, using Libya as a reference. Because Libya and Algeria are very close politically, the reference we gave was considered a valid and very good one, and we concluded a contract for almost 1,000 tons of meat to Algeria during 1981. We have signed contracts today for 10,000 tons. This is the point at which Turkey's first meat contract with Libya becomes different.

[Question] Yes. What about you, Mr Saracoglu?

Saracoglu: The idea that the Middle Eastern market, starting with Libya, is temporary and we should not expect much from these countries is being deliberately spread. Actually if we look at the economic situation throughout the world today, it is seen that the entire world is in a crisis, an economic upheaval.

Especially in Europe where unemployment has reached significant proportions, they have chosen exports as the only way out. Many forces are working against us, therefore, in the African and Middle Eastern markets where we have just begun to get this foothold. We see the situation of those trying to get us out. They want to fill themselves the vacancies our departure would leave. There is very tough competition, a struggle, between us and Europe in these countries today. Those who see these matters in their interests have to create a nationwide image for our entering these markets. We have also seen it in our contacts with many nations. When there was a question of our taking a job in Nigeria, for example, we saw some very bad propaganda about Nigeria. It was asserted that Nigeria was a country with tremendous payments problems.

where nothing could be done. What did we see but the vary nations which so maligned Nigeria to us went there themselves and granted resources to this nationa despite its payment difficulties. This is an international practice, I think, and it is necessary that we as a nation not be instrumental in it or give it a chance. In fact, the Arab nations, the Middle East nations are a very good market for us and we must be fully aware of it.

[Question] Thank you.

Contracts, Receipts of Turkish Constructors in Libya, [Middle East]

Firm	April 1982 Contract Worth (\$million)	Job Contracted	1981 Foreign Exchange (\$)
1. Ali Ustay Construction and Trade, Inc.	85.2	Road construction, Kuwait Housing construction, Libya	199,652
2. Aytas-Aryapi Consortium	12.9	Pumping station, road construction, Libya	22,654
3. Bahattin Goren	373.9	Irrigation facilities, Iraq Housing construction, Libya, [Saudi] Arabia	11,943,813
4. Baytur	230.1	Irrigation facilities, housing construction, Iraq	323,200
5. B.T.K. [expansion unknown]	121.8	Housing, warehouse, office building, school construction, Libya	2,870,000
6. Beta	116.5	Military facilities, housing construction, Libya	2,370,947
7. Bimhol	263.7	Housing, road, tunnel construction, Saudi Arabia	539,924.79
8. Delta	20.1	Housing, cultural center construction, Libya	1,086,922.61
9. Ermes	83.7	Road construction, Saudi Arabia	5,829,031.02
10. Entes	80.6	Well restoration, Saudi Arabia; drainage construction, Libya	----

11. Eta	11.3	Office building, housing, hotel, farm house construction, Libya	770,937
12. Eka	2.14 [as published]	Research Center mechanic services, Saudi Arabia	1,643,174
13. Etrak	103.2	Military facilities, housing construction, Libya	1,114,211
14. Ece	172.8	Building construction, Libya	2,386,193.55
15. Enka	365.0	Highway, data center, aircraft shed construction, Libya; water treatment plant, canal, pump construction, Saudi Arabia; potassium refinery, power substation, crushing, grading facility construction, Jordan; 3 cement factories, Iraq	11,742,555
16. Ericson Turkish Trade, Ltd.	?	5 automatic telephone switchboards, Libya	16,400
17. Fuat Soylu	2.8	Vegetable oil factory, airport steel assembly, heating, hangar construction, Iraq	1,013,874
18. Karnis	40.7	Housing, military barracks, workshop construction, Libya	13,124,053
19. Gross Cold Storage Facilities, Inc.	3.9	Cold storage warehouses, Saudi Arabia, Kuwait, Egypt, Lebanon	772,828
20. Intes	38.6	Port, water treatment plant construction, Saudi Arabia	17,252,338
21. Karakurt-Bakey	22.8	Housing, school, mosque, police headquarters, construction, Libya	638,905
22. Kiska	280.4	Rain water drainage, facilities, Saudi Arabia; irrigation facilities, road construction, Iraq	79,945
23. Libya Construction and Trade Consortium, Inc.	145.6	Housing, fodder factory, school construction, Libya	1,204,963

24. Libas	968.3	Housing, school, infrastructure construction, Libya	6,395,627
25. Kozanoglu-Cavusoglu	181.5	Road, school, health building, hotel, infrastructure construction, Libya	22,095,511
26. Nomas	8.8	Housing, health center construction, Libya	100,000
27. Seyas	0.5	Purification facility reservoir, infrastructure project construction, Libya	31,279
28. Mehmet Yazici	43.3	Tourist facility, housing 3 insurance centers construction, Libya	90,000
29. Kutlutash	34.8	Slaughterhouse, foundry, purification facility construction, Iraq	2,781,650.56
30. General Engineering	64.5	Housing, facility, 400 water reservoir construction, Libya	2,723,664.63
31. Gama	18.85	Water treatment plant, Jordan; refinery assembly, Iraq	1,796,292.99
32. Oguz Karabay	1.2	Earth levelling, Iraq	175,561
33. Ontas Organization	128.7	Water project, military facilities, infrastructure, agricultural road construction, Libya	7,875,443.30
34. Otas Middle East Construction Contracting, Inc.	27.4	3 warehouses, 118 farmhouse construction, Saudi Arabia	3,930,356
35. Ozgu Construction	159.1	Irrigation projects, Iraq	8,830,298
36. Koray	41.5	Mekke Forum International Hotel construction	142,396.34
37. Soyak	275.5	Housing, market, health building construction, Libya	3,060,363
38. Sinsa Sinsak Construction Industry and Trade	49.3	Housing, school, grain storage construction, Libya	1,116,544

39. Tekfen	56	Road construction, Kuwait; water lines, housing construction, Saudi Arabia	----
40. Tokas	170.2	Housing, school, coastline project, infrastructure construction, Libya	1,783,830
41. Temel Energy	48	Energy transmission line, Abu Dhabi; manufacturing, assembly for transformer stations, United Arab Emirates; steel construction for cigarette factory, Iraq	27,540,099
42. Temeltas	19	Avassim Cement Factory operations, Saudi Arabia	2,867,651.80
43. Temel Research	1.2	Living quarters, powerplant, heating facilities for Misurata Complex and vicinity, Libya	----
44. Sezai Turkes-Feyzi Akkaya	632.7	Truck factory, port, military docks, hangar, Libya; tunnel, road, geological studies, Saudi Arabia	6,946,505.24
45. Umas	50.8	Housing, insurance center, educational buildings, infrastructure construction, Libya	21,032,521
46. Uytas	90.2	Housing, supermarket, school, military buildings, infrastructure construction, Libya	1,715,254
47. Yasar Ozkan	98.7	Health center, living quarters, school, building, infrastructure construction, Libya	4,095,966
48. Z.H.D.	172.7	Irrigation projects, Iraq	1,578,014.05
49. Te-ta	163.2	TV broadcast station, housing, military depot, hangar, electric administration building construction, Libya	1,612,000
50. Tumas	.108	Construction engineering project service for 1,000 ton/day ammonia facility, Kuwait	----
51. Mavitan General Architecture, Ltd.	84.5	Electric grid, substation, housing, nursing school, high school construction, Libya	----

52. Cihan Construction	3.44	2 schools, Libya	87,600
53. Goktas	135.2	Municipal construction affairs, Libya; excavation, Iraq	----
54. Temel Piling, Inc.	2.4	Steel pipe pilings project, piling removal, Saudi Arabia	----
55. Te-fa	230.2	School, housing, post office, various building construction, Libya	----
56. Akkurt	6.2	Market construction, Saudi Arabia	6,500
57. General Architecture	3.0	Water project, storage, Libya	----
58. Mimtas	118.3	Various building, infrastructure construction, Libya	----
59. Fuat Sussa	2.94	Retainer wall construction, technical assistance, various subcontracting, Iraq	----
60. Dogus	217.8	Housing, workshop, warehouse, school, meeting house construction, Libya	5,216,640
61. Bitas	3.7	Trade center, housing construction, Saudi Arabia	116,695.02
62. Gim Industry	8.7	Building construction, Libya	408,846.13
63. Eksioglu Construction	9.6	Building construction, Saudi Arabia	703,000
64. Soytas	110.3	Housing, school, administration building construction, Libya	----
65. Enka-Kutlutas	350.1	Ras-Lanuf new city project, Libya	13,642,746.65
66. Ozdemir Construction	300.4	School, tourist, housing, infrastructure construction, Libya	----
67. B.T.M.	104.7	Housing, farmhouse, school, building construction, Libya	216,000
68. Sahra Construction	13.5	19 gasoline stations, Libya	----

69. Santas	37	20 school buildings, Libya	153,279
70. Erka	2.8	3 schools, Libya	----
71. Toksit Trade	6.2	Housing facilities, Libya	151,352
72. Turan Hanedaroglu	33.8	100 houses, 4 health centers, Libya	----
73. Aytas/Arca/Bm.	35	Housing and markets, Libya	----
74. Tec Construction	12.1	Food storehouses, infrastructure, Iraq	138,612
75. Aryapi	393.4	Building, road, infrastructure, educational center construction	----
76. Ontas-Sungurlar	300.8	Road, housing construction, Libya	----
77. Ilkates	0.7	Housing, restaurant, laundromat construction, Kuwait	82,422
78. Tasan Yapi	5.5	Infrastructure projects, Libya	----
79. Bim-Fen Construc-	10.9	School, Saudi Arabia	----
80. Saracoglu	71.6	School, housing construction, Libya	----
81. Ana Construction	73.6	Housing construction, Libya	----
82. Inortas	107.2	Art school, hospital, housing construction, Libya	----
83. Cuhadaroglu	2.3	Aluminum manufacture, assembly, Saudi Arabia	174,712
84. Aybil Construc- tion	1.7	Islamic Cultural Center construc- tion, Libya	----
85. Semtar	35.9	Housing, official building con- struction, Libya	----
86. Kuryapi	36.4	Housing construction, Libya	828,534
87. Tekser-Aytur Consortium	196.3	Sewage, irrigation projects, Libya	----
88. Ictas-Ibrahim	33.8	Housing construction, Libya	----

89. Energy-Water Construction	85.3	Road, apartment building construction, Libya	----
90. Sertepeler	3.0	Office building construction, Libya	----
91. Se-ga	78	Farmhouse, housing, public housing construction, Libya	----
92. System Construction	28.7	School construction, Libya	----
93. Sezai Turkes-Revzi Akkaya	136.7	Tunnel, water storage construction, Libya	----
94. Cimtas Steel Manufacturing	4.78	Steel construction, assembly, siding for 2 cement factories, Iraq	----
95. H.B. International Construction	33.4	Bridge, housing, infrastructure construction, Iraq	156,625
96. Bozbey	3.2	Housing construction, Libya	----
97. Metis	21.8	Hangar projects	----
98. Haydar-Soner Gokhan	9.3	Earth levelling, drainage, Iraq	----
99. Nurkoc	32	Sports facility, housing, educational building, school, rug factory construction, Libya	----
100. Rona	2.2	Procurement, assembly of water control equipment for regulators, Iraq	----
101. Hersan	30	Housing construction, Libya	----
102. Boral	0.67	Salt purification plant construction, Saudi Arabia	----
103. Aytas-Zafertas	17.4	Housing construction, Libya	----
104. Oditas	1.9	2 primary schools, Saudi Arabia	----
105. International Construction Contracting Collective Company	1.0	Military garage construction, Libya	----

106. Kolaman	23.8	School, health building, sports complex, electrical facilities, Libya	----
107. Erdem	2.0	Silo and cement factory construction, Li Iraq	----
108. Metis-Mesa	241.2	Military base, office building, social insurance construction, Libya	----
109. Makyal	1.5	Steel hangar construction, Libya	----
110. Betos	54.4	School, dormitory construction, Libya	----
111. Tokar	0.65	Thermal powerplant restoration, construction, Iraq	----
112. Konel	1.5	Land improvement, irrigation project, Iraq	----
113. T.I.M.	7.7	Complete construction, 5 schools, Libya	----
114. Pulbas	5.36	Well, water storage construction, Libya	----
115. Somay	0.608	Water treatment facilities, Libya	----
116. Temel-Harita	0.288	Well, springs classification, Libya	----
117. Ente	4.9	Housing construction, Libya	----
118. Ulta	8.0	Deep well construction, Libya	----
119. Dogan Tekeli-Sami Sisa Architecture	0.250	Project services for living quarters water facility construction, Saudi Arabia	----
120. Enet	0.857	Pipeline, pump construction, Saudi Arabia; camping facilities, Libya; cement construction, Jordan	----
121. Rasih Ziva Etiman	0.085	Water Treatment facilities, Saudi Arabia	30,000
122. Bayvadaoglu	2.9	Housing construction, Libya	----
123. Eksiler-Bintas	11.2	Job center construction, Saudi Arabia	----

124. Ermaksan	2.3	Irrigation projects, Iraq	----
125. Aydin Pelin-Can Binzet	0.04	Trade center construction, Saudi Arabia	8,026.20
126. Yurttaslar	45.4	Road construction, Saudi Arabia	----
127. Yapi-Tur	8.4	Electricity conduit construction, Saudi Arabia	----
128. Kastelli	842	Housing, apartment building, infrastructure construction, Libya	----
129. Ceylan	200	Housing construction, Libya	----
130. Kutlutus-Enka	384	Housing construction, Saudi Arabia	----
131. Kemal Aksel	2	Cement factory, road construction, 165,499.53	
132. Construction and Trade	38.8	Housing construction, Libya	----
133. Huseyin Kalkavan	3	Factory construction, Saudi Arabia	----
134. Ataman	3.5	Building construction, Saudi Arabia	----
135. Iksa	17.2	Sports complex, health center, housing construction, Libya	----
136.	8.5	Drinking water project, Libya	----
137. Eken	1.3	Office warehouse construction, Libya	----
138. Alarko	19.5	Royal Gulf Beach Hotel, construction, Senegal	----
139. Ugurlu	57.1	Road construction, Saudi Arabia	----
Total	10,109,466.0	Total	219,155,026.76

Notes

--Transfer figures consist of worker remittances and others. Worker remittances of those working with contractors cannot be extracted because to go into the statistics along with general worker remittances. Authorities say that approximately 70 million [dollars?] of the transfer figures consist of worker remittances and 150 million on contractors' transfers.

--Contractors' profit transfers have not begun since most jobs have just begun and final accounts have not been drawn up. In fact, the share of profits in overall job costs is low. Contractors make transfers to cover general expenditures and amortization at their Turkish headquarters.

--As for imports from Turkey, made by contractors, they are absorbed by the country's general export figures.

--Figuring that approximately 20 percent of the jobs taken will be completed in the year, it is determined that \$2 billion of the \$10 billion worth of contracts will be completed this year and that \$800,000--approximately 40 percent of the completed jobs--will enter the Turkish economy in various ways. The jobs committed to contract at the beginning of 1981 amount to \$4 billion.

8349

CSO: 4654/324

CITIBANK OFFICIAL DISCUSSES CREDIT, BANK POLICY

Istanbul DUNYA in Turkish 19 Apr 82 p 7

[Interview with Citibank Deputy General Director Gunes Taner by Cigdem Komurcuoglu]

[Text] "It is now a question of transition from short-term credit to intermediate and long-term credit. Before when you went to a foreign bank for medium-term credit, they didn't even bother to look at the project. With Turkish Airlines taking the lead with the credit it will get from the Eurodollar market, Turkey has slowly begun to enter the medium-term credit market on a project basis," says Gunes Taner.

Gunes Taner is manager and deputy general director of Citibank, where we talked with him in his tastefully furnished office. Taner is also one of our banking pioneers.

In our brief conversation prior to the interview, he said that Citibank would be opening a second branch in Izmir in the next few months.

We wondered, "Why not Ankara?" Ankara is, after all, the capital. But Izmir is a commercial center and that led to its selection.

[Question] Mr Taner, first I would like to ask you about something that is bothering a lot of people in Turkey. There are quite a few problems on the international capital market today. For example, the problem of high interest. Developing nations are having to postpone their debts. Even some OPEC countries are among those standing in line for credit. The funds from which loans can be given are therefore shrinking. How is this situation affecting our country in its attempt to enter the international money market? Would you assess Turkey's situation from the standpoint of foreign credit possibilities.

"You've asked a hard question," said Gunes Taner, smiling, but launched into the answer without missing a beat.

[Answer] The international banks have become more solicitous in recent years in the funds set aside for developing countries. It follows that the world economic crisis and rising oil prices have had serious effects on the economies of nations unable to adapt sufficiently to this phenomenon. Banks and governments have had to be more cautious toward countries that might suffer a crisis under given economic circumstances.

Cautious how? Money is rationed and not allowed to accumulate in one place. It is kept in continuous circulation. The oil producing nations cannot tie up their money, but will invest their earnings in specific places. Since, if we forget the old concepts, you cannot take your earnings in cash and lock them up in your safe somewhere, you need not be afraid that money will go out of fashion, either.

Money, therefore, finds its owner by transferring from one bank account to another. It was once feared that the Eurodollar market would dry up if investments could not be made because of Arab petrodollars or that this market would collapse because of the withdrawal of money. But it is clear, at least according to the bookkeeping rules, that this is not true.

Banks Now More Careful

However, both international banks and governments are now paying more attention to country analyses, how the nations in which they will invest their money in the form of credit manage their economics, and whether the necessary adjustments are made. Their priorities are, in order, the confidence one will be able to have in that country, the confidence of the exporters who sell the goods and then the confidence of the commercial banks.

Turkey, for the past 2 years, has taken its place at the head of the countries which have set up a program to enable them to adjust quickly to the oil shock on international markets and have succeeded at it by taking the medicine prescribed. Looking at the crisis of 1977, the worries of 1978, the indecisiveness of 1979, we see in 1980 an effort to examine the economy, make a decision on the best way out according to our own structure and, acting on this, to create a Turkish school of economic thought.

Today Turkey has gained a large measure of respect on the international markets because of the support of the government around 1980 and then, after 12 September, the government and the National Security Council recognized the need and supported the economic stabilization policy, believing the program sound. As the result of an economic program that produced results, the total short-term debt which was around \$300 million in the spring of 1979 has presently reached the level of \$1.8 billion or \$1.9 billion. This is credits assigned to Turkey by commercial banks. Turkey, with its own stabilization policy, is not utilizing all of them, but uses them when the need arises. This utilization is running between 60 percent-70 percent and varies according to the different kinds of credit.

[Question] In other words, Turkey is credit-worthy?

[Answer] It is now a question of transition from short-term credit to intermediate and long-term credit. With the 1980 stabilization measures and the accompanying changes, the balance of payments performance--the rapid increase of our foreign exchange from exports and worker remittances and the first glimmerings, or first indications, of economic stability--is following a positive trend.

Thus there is first an increase in short-term credits and when both bank and state analysts look at Turkey they slowly start drawing up medium-term credits within the framework of this trend. However, improvement of the balance of payments cannot solve the problem by itself and it becomes a question of recovery of the domestic market and getting on with production. As for controlling inflation, this comes through the money policy. When the element of interest is added to this extremely delicate balance, reducing interest costs is necessary but deposit interest has to come down when inflation is reduced to a healthy level.

Let me give a brief example of foreign resources for Turkey. Before when you went to a foreign bank for medium-term credit, they didn't even bother to look at the project no matter what it was. Now recently they have begun to look at credits. With the credit Turkish Airlines will get on the Eurodollar market this year, Turkey has begun to enter the medium-term credit market on a project basis.

One of the most important factors is that in past years all foreign exchange was collected by a single hand and distributed from there, while in recent years the banking sector's usable foreign exchange position has improved and it issues third-party endorsements and guarantees under which foreign exchange resources can be used as desired, and this has brought credibility with foreign buyers and foreign banks alike.

In this way, foreign markets are no longer stuck with assessing a national economy alone, but assessments of individual banks are being made. Parallel to this is an increase of credit amounts made available to these institutions and preparation for a period of transition from short-term to long-term.

[Question] In a "Turkey" supplement published by EUROMONEY magazine in February, there was something about a garlic producer who applied to you for credit to export his product. My second question will start from here. Turkey has undertaken a great export mobilization in recent years. Traffic has concentrated lately in the Middle Eastern nations in particular. One reason for allowing foreign banks to open branches in our country is the expectation that they would supply certain financing facilities to our export sector. What kind of role are foreign banks, Citibank for instance, able to play in this regard? What kind of facilities are they able to supply?

[Answer] The major reason for foreign banks' coming to Turkey is belief in the country's potential and skilled manpower. The Turkish economy is big enough that it cannot just stay wrapped up in itself and the desire to contribute to this phenomenon, not just by correspondence in commercial financing but by being here, attracts the banks.

In referring to foreign banks, they must be banks with many branches on the international markets, not just the ones permitted to open branches, and reciprocity with Turkey is a must. It is not sufficient in my opinion for a bank to consider itself a bridge with just one country. But if it has a very large volume of business with that country, this is a problem of intricate bookkeeping.

Export Marketing Problem

We want to say this here: Exports, you know, are in large part a matter of marketing. Turkey, unfortunately, is not used to this idea because for many years it did not conduct its own business--I'm talking about during Ottoman times.

Great strides were taken during the Republican period. There was growth especially in domestic trade. But what we now see today is nations whose economies are too big to be self-contained. Therefore, the importance of trade, in particular, has increased and it has become important to have an export volume balanced in parallel with imports.

This is precisely the problem of marketing your goods. When you consider how you are surrounded by a crowd of competitors like yourself, it is only natural that they would buy from the companies that create the best conditions. Therefore, our exporters will produce high quality goods, they will produce goods quickly and the goods will sell cheaply. These are the conditions under which exports can take place.

Before a company enters a market, it has to research that market. It has to have representatives in those countries or make frequent trips there. So the contribution of foreign banks in a place is to be there. It is to provide Turkey or our exporters preliminary information on the conditions of foreign countries, their needs, economic analyses of the countries and even on business there, and also to introduce our exporters to these markets and provide buyer financing if necessary.

Two Aspects of Credit

Let me give you an example of this. Let's take Nigeria hypothetically. I say hypothetically because we do not have a branch there yet. If we introduce exporters here to clients working there and give a reference saying, for instance, they do a certain volume of business, their products are good and they always fulfill their contracts, this is a good beginning for a foreign buyer to make a decision.

Also, considering the banks which have branches in different places, there are two ways they can go in giving credit for the purchase of goods. You can either finance the exporter in Turkey or you can finance the importer on the other side. Sometimes both need financing at once.

The national banks here are easily able to finance the exporter in Turkey, but they cannot finance the importer abroad in the same way. Therefore,

foreign banks provide the financing there. With that source of financing, they are able to buy from Turkey. This brings the transaction full circle.

[Question] Another reason for permitting foreign banks to open branches is to provide competition in our banking sector, to introduce advanced banking techniques into our country. How can the foreign banks play a role in offering guidance to our banking sector?

[Answer] I think the term "provide competition" needs a different interpretation. If you are saying "to create a climate of competition," the climate of competition was already created by the measures of July 1980. And the decontrol of interest came about through the creation of free market conditions on the banking market.

Same-Client Basis Out of Question

Now, competition with foreign banks is out of the question from this angle. Local banks and foreign banks do not compete under the same conditions. In speaking of conditions, I mean that they are not competing on a same-client basis, they are not seeking the same clients. But the foreign banks may be good for the system in this sense: Thanks to the services they provide and their speed owing to electronic technology, they will lead the way to rapid adaptation to a modern system in Turkey. Otherwise, our national banks have been doing their jobs extremely well for many years.

[Question] But there are complaints, such as high costs and backward techniques.

[Answer] Looking back, we see great changes in Turkish banking, a lot going on. For example, Garanti Bank reorganized some years ago. Garanti Bank works with Bank of America. The banks come in as "management consultants." They make certain suggestions to the bank management on ways to speed up the system, especially as regards services. The bank management studies these suggestions and chooses the ones best suited to the structure of its own banking system.

If I am not mistaken, the Construction and Credit Bank also had a foreign consulting firm do a similar study, the "How can we speed up our system?" kind.

[Question] And they set up their own data systems in this way.

[Answer] Today we see that our large banks, speaking only insofar as I know of course, the Labor Bank, Ak Bank, the Construction and Credit Bank and Pamuk Bank, are equipped with computer systems in the Western sense. This includes the Central Bank.

[Question] This will lead to lower costs in the long run, won't it? The most important factor in the banking market in Turkey is the extremely high cost of money and red tape...

[Answer] Putting high costs aside for a moment, the first priority is the service the client demands up front. When we say service, we mean speed. You are engaged in exports and when a problem crops up somewhere, the bank should be in contact with your foreign counterpart as soon as possible, find out what it is and act on it at your direction. This is the kind of service now sought.

The second factor, of course, is cost. If money is very expensive for you, you will certainly reflect this in the price of your product. And this will affect your production as well. When that happens, therefore, the factor of switching from one bank to another comes into play. This is where competition between banks comes in.

Rather than go to the cheapest bank, in my opinion, one must go to the bank with the best service. When you look at costs in absolute values, you may find an inverse proportion when you later compare this cost with the overall advantages gained by the company. Companies will begin to take this into account.

Are you going to a bank that takes a 1-percent commission on a letter of credit or one that takes 1.5-percent? If the former makes you wait 3 months for your letter of credit, it will cost you a lot more because, in the meantime, you will be holding the money you used to open the letter of credit there for 3 months. Then it will be more profitable to go, not to the bank that gets 1-percent commission, but the one which gets 1.5 percent commission but also has your letter of credit in 3 days, therefore ensuring you a quick return on your money.

8349
CSO: 4654/299

ECONOMIC

TURKEY

BRIEFS

TURKISH TRADE DISRUPTED--The Turkish Government has decided to halt trade relations with the Libyan regime because of its failure to settle its debts, amounting to about a billion dollars. A decree issued in the Official Gazette of Turkish Merchants and Contractors has prohibited making any trade deals with Libyan agencies which do not offer guarantees and insurance. The decree points out that Libyan indebtedness to Turkey for the export of goods and workers' wages has reached 350 million dollars while Libya owes Turkish contractors 600 million dollars. Newspaper reports in Ankara have mentioned that the trade agreement signed by the two countries providing for the barter of Libyan oil for Turkish commodities had been frozen in view of the Libyan side's non-compliance with its terms. [Text] [Rabat AL-'ALAM in Arabic 5 Jun 82 p 1]

CSO: 4604/37

PCF CENTRAL COMMITTEE RESOLUTION ON INDUSTRIAL AFFAIRS

Paris L'HUMANITE in French 17 Apr 82 p 8

[Text] The reforms of nationalizations, workers' rights, planning, and decentralization which are in progress are bringing forth possibilities for intervention and new demands on the part of the workers' movement. The Central Committee has adopted a document expressing the Communist Party's point of view on these questions. It calls upon all workers who want this to discuss it and enrich it. What is guiding the Communists is the desire that union and political freedom be respected in business, administration, and services; the desire that the creators and producers of wealth share more and more in the implementation of a new efficiency uniting social progress, the satisfaction of demands, and economic progress.

In order to oppose management's freezes and the Right's maneuvers, to find solutions to the problems posed, to make employment and growth a priority, and to fight against inequality, business needs democracy. For this to work, the people must cross the doorsteps of plants and offices.

From this viewpoint, the development of trade unionism and the recognition of the union's rôle and its place are a basic necessity. As Communists, we feel fully involved in the mass movement in business as well as in the progress of trade unionism with respect to its independence by management, the parties, and the administration, and its democratic rules of operation.

The Central Committee reaffirms the validity of the document adopted by the Communist Party in 1979 with reference to the trade union movement.

In the current situation, workers must be made to see the importance to them of strengthening their union class and mass organizations, attentive to their demands and their aspirations, and of fully exercising its rôle seriously and realistically in the action for social and economic progress and for the uniting of the various categories of wage earners for international solidarity and peace.

The equal determination of the forces of the Right and of management versus the Leftist government's policies and the CGT [General Confederation of Labor], which is preparing for its 41st Congress, as well as the disparagement of representative union organizations and the desire to weaken or bypass them must only be seen to be believed.

The Central Committee has finally decided to meet shortly on the decisive matter of the party's activity in business. This will be an opportunity to draw specific lessons from the 24th Congress and to give impetus to a new, long-term effort at all levels to have our activity with regard to business realized as a priority.

Without hesitation, Communists everywhere must intervene with workers to seize new opportunities, to thwart the obstacles set up by management, and with responsibility to enable change to advance successfully.

Without delay, the Central Committee calls upon all party organizations to continue and intensify the effort to strengthen and explain the Communist policy regarding workers. Without delay, distribution of the 23 April issue of HUMA DIMANCHE, which will deal specifically with nationalizations, must be organized on a large scale, particularly in the public sector and in previously and newly nationalized companies.

Paris, 16 April 1982

9693
CSO: 3100/592

PCF CENTRAL COMMITTEE RESOLUTION ON DISARMAMENT

Paris L'HUMANITE in French 22 Apr 82 p 4

[Text] As stressed by the 24th Congress, the PCF intends to devote all its strength to this great duty: the struggle for peace and disarmament.

At a time when the great people's movement to halt the arms race is reaching new intensity throughout the world, Communists and the party organizations must have their hearts set on our people's role in this fight for life.

In this spring of 1982, men, women, and young people of the most diverse opinions, beliefs, and origins are demonstrating by the millions.

This is what the powerful Easter marches in West Germany and the mass initiatives, which are increasing, especially in various European countries, prove. A new and very significant development is that this is also the case in the United States. Many congressmen and politicians in the public eye in this country are supporting a freeze on nuclear weapons or renunciation of first use of nuclear weapons. These stands are a reply to initiatives by the Soviet Union--especially its decision to place a unilateral moratorium on the deployment of medium-range weapons in Europe and to reduce some of its weapons.

Those who are reviving the arms race are finding themselves in trouble. After having refused immediate and unconditional negotiations, the Reagan administration has had to agree to discuss the limitation and reduction of missiles in Europe at Geneva, while a Brezhnev-Reagan meeting has been scheduled. This emphasizes the irreplaceable contribution of the people's intervention for peace.

But, as everyone can note, Mr Reagan and the other supporters of the arms race are not giving up their plans to implement the decision to deploy new American missiles in Europe in 1983, at any cost. They are generating numerous excuses to prevent the negotiations, especially in Geneva and Madrid, from having positive results.

The people's movement must therefore grow even more intense. Our people must play a full role in proportion to the risk, alongside the other peoples in the world. The PCF is resolved to contribute fully to this honorable task.

The PCF feels that on the occasion of the second special UN session on disarmament, opening in New York on 7 June, the voice of our people must make itself heard with strength and resolve for the termination of nuclear escalation, for the balanced and negotiated reduction of all arms, for equal security of all countries and peace for all people, for the reduction of arms expenditures so that these [expenditures] may be devoted to development.

It is in this spirit that the PCF calls upon its divisions, its activists, and its elected officials to involve themselves fully in this urgent struggle.

Let them participate in collecting hundreds of thousands of new signatures for the Peace Movement's Paris Appeal!

Let them participate in numbers in the various initiatives throughout the country, particularly in the regional rallies in Bourges and Lyon on 24 April, in Nancy on 15 May, and in Seclin on 16 May!

Let them mobilize for a massive participation in the great national and international rally at the Nimes Youth Festival (21-23 May). Fifteen days before the UN session, with the arrival of runners from Olympia and the proclamation of the status of the Paris Appeal, the success of this demonstration concerns everyone who has his heart set on the most human cause there is: Peace!

PCF Politburo
Paris, 20 April 1982

9693
CSO: 3100/592

POLITICAL

ICELAND

PAPER VIEWS REYKJAVIK MEETING ON NORDIC SECURITY ISSUES

Reykjavik MORGUNBLADID in Icelandic 20 Apr 82 p 12

[Editorial: "Security, Disarmament and Relations with Europe"]

[Text] A conference on security and disarmament, particularly with respect to the North Atlantic and the Nordic countries, ended in Reykjavik yesterday. This conference was initiated by the student association of the Norwegian Defense College. Besides the Norwegians, representatives from Denmark, Sweden and Iceland attended the conference. Foreign Minister Olafur Johannesson spoke at the conference. The conference began with a review of the military situation in the North Atlantic and northern Europe, dealing especially with the security of Iceland. Then there was discussion of the arms control talks and the attempts to limit armament, and, finally, of new ideas to ensure peace and security. Actually the word "new" should be put in quotes for the simple reason that in this case, as in everything that has to do with war and peace, the human race is faced with old problems which, however, have a different emphasis because of the presence of nuclear arms.

The conference agreed, however, that it is not arms and weapons systems which are decisive, but men. From the technical and academic point of view, various theories and ideas on limitation of arms and ballistic missiles can be presented, but, on the other hand, very little progress is being made in the talks on these issues which are taking place in the international arena, as both the political will and mutual trust is lacking. Apparently, influential people in the United States have begun a dialogue on the basic points of U.S. nuclear policy which is, of course, related to the policy of the Atlantic Alliance. Four respected experts on foreign affairs and security have coauthored a magazine article in which they recommend that the United States adopt the policy of not being the first to use nuclear arms. If their proposal is accepted, it means that Europe will have to increase its conventional defenses in order to ensure the security of the Western countries. Implementation of this policy requires both more manpower and funds than that currently being pursued. It was asked at the conference here in Reykjavik whether it would not be reasonable, if the Americans want to change their nuclear arms policy thus, that its implementation take effect in 5 years, so that there will be sufficient time to build up a conventional army.

The proposals made by the four Americans have nothing to do with the so-called peace movements. It was pointed out at this conference that these movements have all the characteristics of the traditional opponent groups which make their own goals that are not supported by the majority of people. No doubt the "peace movements" in Central Europe will continue to operate as, for example, it is not until next year that it will be decided whether to deploy nuclear ballistic missiles in West Germany in defense against the Soviet SS-20 ballistic missiles. The so-called peace movement covers many different strata of West German society. Recently, for example, "the green ones," the environmentalists, declared that they can no longer work in the same movements as the communists who refuse to look east beyond the Iron Curtain when they discuss "peace."

We Icelanders are not surprised by such conflict. In the Organization of the Opponents of the Base, the friends of the Soviet Union and others have constantly been battling it out. The organization has been at a great low recently and for some time now it has been predicted that it will, as so often before during its lifetime, change its name without changing its goal. It will not be confirmed here, however, that this development has already started. One thing is definite, and that is that the demand of the opponents of the base that unilaterally Iceland should maintain no defense cannot be supported with any reasonable logic. It came out of the conference in Reykjavik that the idea for a nuclear-free zone in the Nordic countries no longer has any support and therefore the question of how long these groups which fight for the implementation of this idea, will continue to operate must arise.

None of what has been mentioned here actually comes as a surprise. Europe has been an area without any conflict for over 30 years. The arguments of those who want to convince people that this peace system should be changed must therefore be very strong. There is a particular reason for us Icelanders to pay attention to one point that was discussed to quite an extent at this conference on security and disarmament; namely, the increasing tendency of the EEC (the European Economic Community) to make joint decisions on foreign affairs, even on security affairs. It is obvious that the Norwegians are considerably worried about being outside this development, even though they are in more general contact with the European states than we are. Icelanders consider themselves a European nation, and despite great trade and good defense cooperation with the United States, we seek our cultural and, to some extent, our political strength from Europe. It is necessary to keep the balance such that the connection with Europe always remains at its best.

9563
CSO: 3111/34

SHIPBUILDERS WANT TO STEP UP EXPORTS OF WAR VESSELS

Paris L'USINE NOUVELLE in French 13 May 82 p 112

[Article by Antoine Thiboumery: "French Naval Construction Goes to War"]

[Text] The market exists; so do the production capabilities. It is based on these findings that three naval construction companies have recently decided to join their industrial and commercial potential to manufacture and export surface combat ships.

France does not export enough warships. Whereas, for the last several years, its arms exports in general have made it the third exporter of military equipment, following the United States and the Soviet Union, it must be recognized that in terms of warships its position is not equally important. As a matter of fact, the United States, the FRG, England and Italy supply the majority of foreign navies. Only the Netherlands and Spain are ahead of France in this area.

At the present time, only four combat ships are under construction in French shipyards, as well as two squadron supply tankers, which cannot really be put into the category of warships. Ordered in 1980 by Saudi Arabia, these ships are being built partly in state naval shipyards and partly in private shipyards, specifically at Mediterranean Shipbuilding and Industrial Construction [CNIM], at La Seyne, and at the naval shipyards of La Ciotat. But this working schedule remains clearly inadequate relative to the existing capabilities.

This is why, after lengthy negotiations, three French shipbuilding companies have just decided to pick up the challenge: to improve French exports of fully equipped surface combat ships (of 1,000 to 3,500 tons).

The following companies have thus joined their commercial and industrial potential: the CNIM (4,800 workers, 1 billion francs turnover), the Workshops and Shipyards of Bretagne (1,600 workers, 800 million francs turnover) and the Dubignon-Normandie group (6,000 workers, 2 billion francs turnover).

Hope from Egypt, Pakistan, Indonesia

Under the name France-Naval, and within a GIE [Economic Interest Group], these three companies are offering as of now three basic ships with variants (the Aviso 69, a 1,200 ton displacement ship, which has been built up to now for the

national navy by the Naval Shipyards of Lorient, the 2,000 ton frigate Riviere, and the 2,400 ton frigate F 2000) to foreign clients.

"Experts estimate that, over the next 10 years, foreign navies should order about 100 combat ships of this type. If France-Naval could capture about 15 contracts out of this total, this would be very satisfactory," confided Michel Tauzin, director of the GIE.

Commercial prospecting, which started a few months ago, is currently directed toward Egypt, Pakistan and Indonesia, where the first contracts have given hope for orders in the near future. France-Naval, whose establishment was strongly supported by Minister of Defense Charles Hernu, and by the Technical Office for Shipbuilding (which, by providing all the technical data at its disposal, thus allows these three private shipyards to penetrate the market for warships), must also allow these shipyards to compensate for the significant drop in orders for ships in the civil area.

8463
CSO: 3100/677

END